

BUS. ADM.
LIBRARY

MAY 23 1939

A
Y
1939

BUSINESS WEEK

WEEK
AGO

YEAR
AGO



Marketwise business men this week pondered their own financing programs as Chairman James Simpson's Commonwealth Edison did a \$114,500,000 job of "refunding refunding".

PUBLISHED BY THE McGRAW-HILL PUBLISHING COMPANY, INC. • TWENTY CENTS A COPY



The WAY TO BUY MACHINES
IS TO BUY
Production • at • a • Profit

- The sound way to buy machinery is to buy only on the *proven* basis of—how much money will it make for you? Don't buy anything until you *know* exactly what profit you will make on your investment.

Warner & Swasey have no salesmen in the usual sense of the word, but do have a corps of field engineers trained to study your turning work and tell you whether or not you can profitably use new equipment, if so, how, and what you can expect to earn from it.

Notice we said—"whether or not." Many times after studying a plant, these field engineers advise against new equipment. Sometimes they recommend competitive equipment. We believe our duty to you is an engineering service . . . if we render that service to you soundly, Warner & Swasey Turret Lathes and what they will do will take care of themselves.

A study of your turning operations by your Warner & Swasey engineer costs nothing. It may point the way to lower costs. Just write—

**WARNER
&
SWASEY**
Turret Lathes
Cleveland

YOU CAN TURN IT BETTER, FASTER, FOR LESS . . . WITH A WARNER & SWASEY



NOW 626,000 MILES . . . AND STILL GOING STRONG



Last year the attention of the Ford Motor Company was called to a 1934 Ford V-8 Truck that had traveled more than 500,000 miles. Dramatic as this performance seemed, Petroleum Carrier Corporation, the owners, advise that this same unit has now rolled up a total of more than 626,000 miles.

They report that the total operating cost of this Ford V-8, hauling a 3000-gallon gasoline tank, is \$.05719 per mile, which represents fuel consumption, repairs, replacements and all similar items. This is from $1\frac{1}{2}$ cents to 3 cents per mile less than other makes of units in their fleet. They state that the total cost of replacements, including factory-

reconditioned engines, has been only \$.004 per mile.

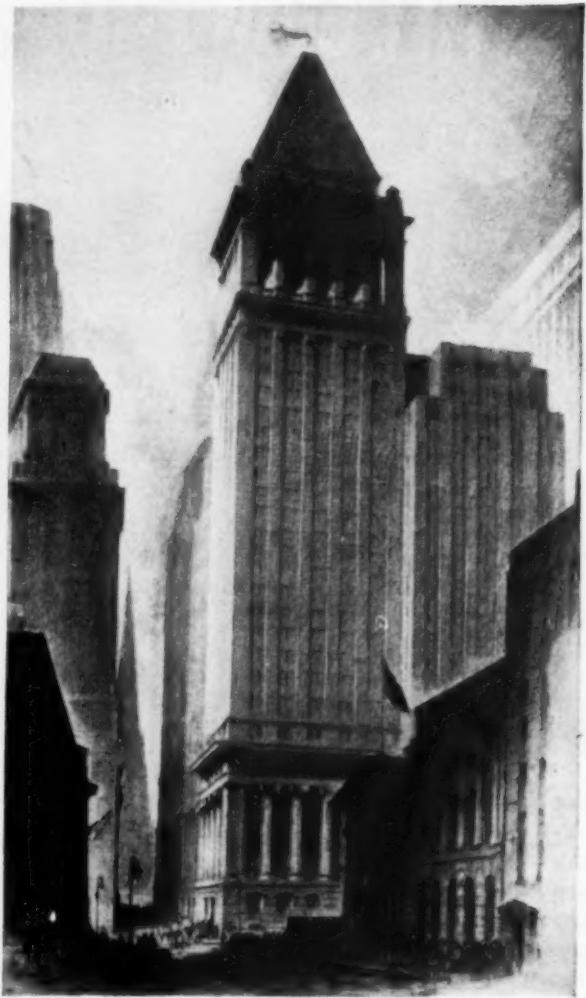
Here is owner's evidence of Ford economy. It is one of many examples of the rugged dependability and dollar-saving performance of the Ford V-8 Truck. 1939 Ford V-8 Trucks are already turning in records of outstanding economy . . . demonstrating that the Ford Truck is built to do more work, in less time, at lower cost.

See your Ford dealer today. Examine the Ford Truck and compare it, feature by feature, with other units. Arrange for an actual "on-the-job" test. Know the Ford Truck before you spend another truck dollar.

1939 FORD V-8 TRUCKS

Ford Motor Company, builders of Ford V-8 and Mercury Cars, Ford Trucks, Commercial Cars, Station Wagons and Transit Buses

Commercial Banking



A TOWER OF STRENGTH

BANKERS TRUST COMPANY

16 WALL STREET, NEW YORK

FIFTH AVE. AT 44TH ST. 57TH STREET AT MADISON AVE.

LONDON: 26 OLD BROAD ST.

Member of the Federal Deposit Insurance Corporation

THIS BUSINESS WEEK



It's a sellers' market for bonds these days, and, as a seller, James Simpson, chairman of the board of Commonwealth Edison—on this week's BUSINESS WEEK cover—has a choice of what he wants to do. He can let a bond house handle the sale, or he can do his selling direct. Mr. Simpson took the latter course recently when Commonwealth Edison had a bond issue of \$114,500,000 to sell. He went direct to fifteen insurance companies. The sale has stirred up the usually quiet underwriters to a fine pitch of excitement, for insurance companies used to be their best customers, and this is a new type of competition they are having to face. What Wall St. is saying and thinking about it—and about the whole topsy-turvy investment situation—is in the story, "Pains in the Bond Market," on p. 50.

China

CHINA'S WAR PLAN is to beat the invader out economically by intensive industrial development in the territory she still holds; until the last Chinese fighter goes down, Japan's hope of cashing in on her tremendous war investment will go unrealized. The story of the industrialization of the Chinese Southwest is on p. 23, telling how industrial machinery has been moved down into Kwangsi, Hunan and Kiangsi provinces, how elaborate plants were loaded on river junks and moved piecemeal from war areas, and rebuilt in

BUSINESS WEEK • MAY 20, 1939 • NUMBER 507

With which is combined the Magazine of Business, published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder and Honorary Chairman. Publication office, 99-129 North Broadway, Albany, New York. Editorial and executive offices, 330 W. 42nd St., New York, N.Y. James H. McGraw, Jr., President; Howard Ehrlich, Executive Vice-President; Mason Britton, Vice-Chairman; B. R. Putnam, Treasurer; D. C. McGraw, Secretary; J. E. Blackburn, Circulation Manager. \$5.00 per year in U. S. A., possessions year in all other foreign countries; \$7.50 per year in Canada; \$7.50 per year in all other foreign countries; 20c per copy. Entered as second class at the Post Office at Albany, N.Y., under the Act of March 3, 1879. Printed by the McGraw-Hill Publishing Company, Inc.

A McGRAW-HILL PUBLICATION

the West. New highways are being constructed there, new railroads built, new industries launched. A color map on p. 22 shows the extent of the activity described in the story.

Consumers

THERE IS A MOVE on in the Department of Commerce to establish commodity performance standards, which you will find reported in the Washington Bulletin on p. 7 this week. Sec. Harry Hopkins is interested in setting up voluntary standards for consumer goods, using the Bureau of Standards for the purpose. It's more than likely that the Temporary National Economic Committee's hearings on consumer problems last week spurred on this move. The story of what went on at those hearings is on p. 44 this week, with some samples of the testimony presented by four housewives, a toothpaste manufacturer, a county purchasing agent, a representative of Consumers Union, and a Sears, Roebuck executive—all of them helping to explain more about the "consumer movement" on which BUSINESS WEEK reported to executives in its April 22 issue.

Beryllium

THE TNEC last week also conducted a two-day probe into the relatively young beryllium industry. Beryllium is number four in the chemist's list of 92 elements, topped only by hydrogen, helium and lithium. It has a specific gravity of 1.8 (magnesium is 1.74 and aluminum 2.7) and its hardness in the pure state compares with mild structural steel. Beryllium operations so far have been pretty costly, and profits will have to wait on the future. The story of beryllium's past, and the mysterious E. Phillips Oppenheim maneuvers that have distinguished the growth of the industry, as well as an account of the TNEC hearings last week, p. 35.

Retail Forum

NEXT WEEK the nation's retailers meet in Washington to hold a retail forum and "speak with a national voice." Built up by Louis Kirstein, vice-president of William Filene's Sons in Boston, and founder of the American Retail Federation, the meeting will have the distinction of being addressed by Roosevelt, Wallace and Hopkins—a formidable battery of speakers. It isn't only going to give the retailers a chance to sound off on what they expect from the government, but it is going to furnish a made-to-order sounding board for the New Deal. The politics of the situation and where 1940 comes in are explained on page 17.

Coal

JOHN L. LEWIS and his United Mine Workers were the victors in the coal scrap, coming out the winners hands down. What the score is now that the long strike is over, p. 14.

WHY ANTI-FRICTION BEARINGS?



Everyone knows this inevitable result of Wear due to friction. Yet... the sliding, scuffing contact of countless feet on granite is as nothing in wear potential compared to the contact of metal on metal—in modern machinery, under heavy loads, at high speeds.

During the useful life of an ever increasing number of modern machines, the bearings make millions or even billions of revolutions. And these machines stand up! For friction is practically eliminated in the ball bearing as perfected by New Departure, and Wear is less than in any other type of rolling bearing.

For interesting brochure, BW2, "How Wear Wore Itself Out," write to New Departure, Division General Motors Sales Corp., Bristol, Conn.



...and still going!

In this New Departure ball bearing, which had made 35,000,000 revolutions under load, the original finish was perfect and Wear for all practical purposes was not measurable. Think what that kind of "wear prevention" means in lower maintenance and longer machine life!

NEW DEPARTURE

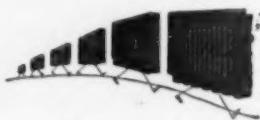
BALL BEARINGS

Nothing Rolls Like a Ball

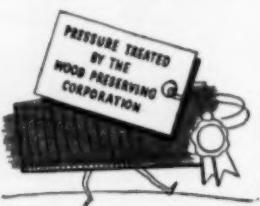


NEW DEPARTURE... PIONEERS FOR FIFTY YEARS

PRESSURE-TREATED TIMBER PRODUCTS have a long and honorable record of service in culvert construction.



AN ENGINEERED CULVERT has been developed which is made of laminated wood sections. They come in easy-to-assemble units that speed up the work, cut costs, can be erected with unskilled labor and provide rigid strength.



THE WOOD PRESERVING CORPORATION, a Koppers subsidiary, pressure treats the timbers for these culverts before assembly to give them protection against decay and insect attack.

LET KOPPERS SOLVE *Your*
PROBLEMS

Koppers may also be able to help you in any problem involving these products or fields: Coal and Coke, Coal Preparation, Coke and Gas Plants, Boiler and Industrial Electric Power Stations, Industrial Chemicals, Creosote, Municipal Incinerators, Castings, Special Machinery, Valves, Pipe and Platework, American Hammered Piston Rings, D-H-S Bronze, Fast's Couplings, Tarmac Road Tars, Roofing, Waterproofing, Ships, Barges.

Koppers Company, Pittsburgh, Pa.

KOPPERS

NEW BUSINESS

Making Money

DU PONT HAS BEEN GRANTED four patents for hosiery and other knitted fabrics made from nylon, its new organic textile fiber, and will spend \$2,500,000 on plant extensions at Belle, W. Va., for making nylon intermediates, and \$8,500,000 to build a nylon textile plant at Seaford, Del. . . . Centennial Flouring Mills Co., Spokane, has awarded contracts for a new \$750,000 mill there . . . Early in June, Hills Bros., coffee importers and roasters, San Francisco, will start building an eastern plant at Edgewater, N. J., on the Hudson opposite Manhattan.

What's New?

SIMPLEX PUTTY APPLICATOR Co., 4835 Woodward Ave., Detroit, says its putty applicator enables an unskilled person to do an adequate job, without smearing putty on the pane; the applicator need merely be drawn slowly along the edges of the window sash to make a smooth putty surface at a definite angle . . . General Electric offers a six-blade, ceiling-type fan, 52 inches in diameter, which is said to provide more air volume for a similar energy input than most attic fans; it has been particularly developed for use in bungalows, cottages, and homes that have an attic above the living room and bedrooms, but is also suitable for offices and other places of business.

Our Times

WAAL, PARDNER, here's a dude ranch in New England—the G-Bar-S Ranch, at Great Barrington, Mass., with "cowboys with 10-gallon hats, cowgirls, trick rodeo riders . . . and above all a herd of real western horses!" . . . National Assn. of Leather Glove Manufacturers, Gloversville, N. Y., has issued its new fall and winter color card, gettable by retailers at 50¢ each; the card contains swatches of leather in molasses brown, red wine, cypress, fur brown, brick dust, fleet blue, gray and beige, grape wine, green teal, yellow gold, and American Beauty . . . Horlick's Malted Milk Corp. has a new general manager, Chase Love.

Adhibitions

IN A SPECIAL CAMPAIGN on Father's Day, graduation day, and June weddings, Schick Dry Shaver, Inc., will use the slogans "The Civilized Way of Shaving" and "Give Him Schick's Appeal" . . . A year ago Beech-Nut Packing Co. stopped advertising its cracker product, Tops; now it has started in again . . . Here are two advertisers with the same sales appeal and the same way of expressing it: Tri-Clover Machine Co., Kenosha, Wis., trying to show how easy it is to open Tri-Clover sanitary pumps, uses the

headline, "Your Office Girl Could Do It!" And Franklin Baker's Coconut, Hoboken, N. J., trying to show how easy it is to open its new multiple-ply shipping bag, uses the headline, "Why, the Boss' Daughter Could Do It!"

Food Farrago

G. WASHINGTON COFFEE REFINING Co. now has a stablemate for its G. Washington Instant Coffee; it's Instant Broth . . . "Rio Del Mar" sardines, produced by Del Mar Canning Co., Monterey, Calif., and "Premier" sardines, distributed by Francis Leggett & Co., N. Y., come in round cans, resembling salmon cans, instead of the usual flat kind . . . Gefilte Fish Packing, Inc., 175 Camden St., Boston offers gefüllte fish in glass containers.

Sales Strut

125 SERVICE MEN in the RCA-Victor distributor and dealer service organizations in the New York area have taken a special course to learn how to install and adjust television receivers, and teach customers how to use them . . . Free plane rides are used by Edward Nelson, general manager of Plumb & Nelson (Manitowoc, Wis.), sponsors of a Clover Farms voluntary grocery chain group in the Manitowoc area, to add new members; the firm's salesmen go into a territory and invite their prospects to bring their families and employees to the local airport the coming Sunday for a free ride, and then General Manager Nelson appears and flies them around all day; and on Monday, Tuesday, etc., he visits them at their stores and finds listeners . . . Holeproof Hosiery Co. offers retailers a Luxite Underthings display piece that has a list of other Holeproof products on its reverse side, so that while the prospective customer reads the Luxite message, the saleswoman can note the other items and suggest them.

Add What's New?

CLARK DOOR Co., 515 Hunterdon St., Newark, N. J., offers a patented two-section overhead garage door; at a turn of the lock and a touch of the finger, it glides upward and backward along the ceiling without protruding at any point . . . Fishermen who want to perfect their skill and casting accuracy in preparation for their vacations can get Fish-O, a game sponsored by the American Wildlife Institute, Washington, D. C., and the Izaak Walton League of America; the game can be played in small pools and on flat garden surfaces, in small gyms, recreation halls, employee club quarters, etc.; 10 horizontal targets are fixed 40 to 80 feet from the casting point, and standard baiting and fly-casting equipment are mandatory.

WASHINGTON BULLETIN

WASHINGTON [Business Week Bureau] —President Roosevelt is on the defensive, as Congress drives hard for tax revision that will encourage business. Capitol Hill is following Pat Harrison, chairman of the Senate Finance Committee, who has long favored adjusting taxes in the hope of regaining prosperity. This week it decided to risk a battle with the White House if necessary.

The Lines Are Drawn

THE PRESIDENT is still hoping to prevent action. A hasty glance over recent references to taxation by "Dear Alben" Barkley shows the real views of the White House.

Barkley consults the White House before salting his soup, and no Congressman thinks Barkley was talking out of turn when he talked as though tax action would be confined to continuance of the nuisance taxes, plus freezing of the social security taxes.

The clash between Harrison and Barkley excites the politically-minded, which means all of Congress, because Roosevelt's strength, thrown to Barkley, made him Democratic leader of the Senate by a majority of one over Harrison.

Treasury behind Harrison

JOHN HANES, Undersecretary of the Treasury, is applauding Harrison whenever he thinks Corcoran and Cohen are looking the other way. Morgenthau approves Harrison's course also, but his deep loyalty to Roosevelt prevents open enthusiasm. However, both have talked so much, to so many members of Congress, that discretion now carries little weight. Everybody knows where the Treasury stands, surface appearances notwithstanding.

Big question mark is whether Roosevelt would risk vetoing a pro-business tax bill that scrapped some of his dearest brain children, especially what's left of the tax on undistributed earnings.

Stamp Plan Clicks

DEPARTMENT OF AGRICULTURE officials profess to be satisfied with the way the food stamp plan got under way in Rochester this week.

First day sales covered about 16% of the 10,000 families getting direct relief or social security benefits, but the figure climbed during the week. Stamp sales to 4,000 families on WPA will begin next week. Retailers are cooperating 100% and all banks are accepting redeemed stamps. Administrative machinery is working well in the hands of federal officials, who will turn over stamp distribution to local relief agencies in other

test cities. Dayton, O.; Allentown, Pa.; Des Moines Ia.; and Seattle, Wash. are next. Birmingham, Ala., probably will be selected from three Southern cities under consideration.

More Money for NLRB

NEW TONE is given to the Administration's attitude on labor relations by Dr. Billy Leiserson, successor to Donald Wakefield Smith on NLRB. Impressed by the record of the Labor Department's puny Conciliation Service, the House has raised its next year's appropriation.

The ante will probably be hiked further and the scope may be extended to include mediation of disputes along

lines now applying to railroads on Leiserson's assertion that enforcement of collective bargaining rights by NLRB is only the first step, that settlement of disputes thereafter is just as essential but properly belongs not to NLRB but to a mediation board.

Steel Fights Wage Law

STEEL INDUSTRY SPOKESMEN will be out in front when the industry registers opposition to the C.I.O.-A.F.L.-Labor Department move to broaden the Walsh-Healey Act. Fortified by a court injunction, the first under the law, small independent Eastern producers, who successfully tied the hands of Sec. Perkins in her steel wage order, will be sent to do the job.

Administrator Walling is more concerned over Congressional reaction to figures showing 57% non-compliance on all contracts, but will use them to get penalty provisions not so drastic as and more practical than the present "blacklisting."

The present law, covering \$10,000 contracts and over, brings about 5,500 contracts a year under scrutiny. Under the proposed \$2,000 limit, 100,000 contracts would be covered.

Standards and Competition

FOR ALL MAKERS of consumer goods, particularly of durable types such as refrigerators, furnaces, and other household equipment, the move on foot in the Commerce Department for establishing commodity performance standards will raise serious merchandising problems.

Sec. Hopkins is interested in setting up voluntary standards for anybody who wants to use them, utilizing the Bureau of Standards for the purpose. If manufacturers object to encouraging the use of this competitive weapon, consumer organizations won't be satisfied either.

Doubtful that consumers would get unbiased guidance in view of the bureau's long history of commercial tie-ups, these organizations prefer to confine the bureau to the physical research involved, and put actual establishment of grade standards in an independent agency in which consumers are represented.

Barring Poor Products

WHATEVER THE BUREAU'S fitness for the job, the show put on for the Temporary National Economic Committee by the professional consumers last week (page 44) has given a push to the Commerce Department's proposal.

Action by Congress this session is by no means certain but interested officials now are revamping and trimming down the long-pending Boren bill that would

Food Stamps



The lady above, like other Rochester reliefers, was cautious about the government's food stamp plan as it got its first test in Rochester this week—but Dept. of Agriculture men are satisfied. Under the plan, each member of a family on relief can buy a minimum of \$1 and a maximum of \$1.50 worth of orange-colored stamps, which can be exchanged for foods at regular retail stores. With each \$1 purchase of orange stamps, the relief client gets 50¢ worth of blue stamps, which can be exchanged at federal warehouses for "surplus" foods, including butter, eggs, flour, citrus fruits, cornmeal and beans. And fresh vegetables will be added in season.



MEET THE MECHANICAL MOLE ... Another Reason Why Your Freight Gets There Safely via Erie

*** They call it "The Mole." But no real mole can burrow as fast as this strange machine which cleans Erie's roadbed—keeps the fast freights moving swiftly, safely over sound foundations.**

It propels itself... forces its cutting plate into the stone ballast of the roadbed to a depth of 8 inches or more. Up comes the fouled ballast. Out fly the dirt and cinders. Back into place goes the clean stone. Now there's good support for ties and track... open channels for drainage of water.

Perhaps "The Mole" is news to you. But it's only one of many ways Erie protects your freight... assures its safe, on-time delivery. Your local Erie Agent will explain all the special services and facilities that save Erie shippers time and money. Call him on your next order!

Travel the Scenic Erie
... between New York, Binghamton, Elmira, Buffalo, Chautauque Lake, Youngstown, Cleveland, Akron, Chicago
AIR-CONDITIONED TRAINS EXCELLENT MEALS - FINEST SERVICE - LOWEST FARES



make \$5,000,000 available for establishing standard performance grades, testing commercial products against those standards, and publishing the findings. This is a long step ahead of the present intention which contemplates that manufacturers may label their products or their particular characteristics as conforming to such-and-such a grade.

Hopkins Recruits Experts

SEC. HOPKINS' REQUEST, blessed by the White House, for \$255,000 to build up an expert staff in his office may be accepted as evidence that the Administration will not kick all business in the face to spite big business. The money will be spent to recruit experts on whom Hopkins can lean for assistance in appraising large national problems. They will form the nucleus of the much-discussed Bureau of Industrial Economics.

It marks an end to the casual staffing of Hopkins' office by the "dollar-a-year" type of personnel, the last of whom disappeared this week with the resignation of Assistant Secretary Patterson. The experts will have no administrative duties, and will cover a much larger field than the Commerce Department's well-qualified specialists in particular subjects.

Cosmetic Demonstrators

DEMONSTRATORS farmed out by cosmetic manufacturers to extol the virtues of their own products will have to be identified so that customers will know they are listening to sales talk by manufacturers' representatives and not store clerks, if the Federal Trade Commission has its way.

It is issuing amended complaints against seven cosmetic houses, charging that use of hidden demonstrators is deceptive, violates the Wheeler-Lea FTC Act. Originally the complaints charged principally that placement of demonstrators in some stores and not in others violated the Robinson-Patman Act. This allegation is continued in the amended complaints. Houses involved are Elmo, Primrose House, Charles of the Ritz, Elizabeth Arden, Coty, Bourjois, and Hudnut.

Want U. S. Land Board

MERGER of the Bureau of Public Roads with the WPA under the new federal works agency fits in with the President's idea of utilizing more WPA labor for highway construction. Following the road bureau's recommendations on the U. S. long-range master highway plan, and to clear the way for an expanded program, highway-conscious members on Capitol Hill are working on a bill to set up a Federal Land Authority with capital stock of \$100,000,000.

Less Government Research

THE DECKS must be cleared for the 1940 census, so you can look forward to some

Lady Lindsay's Sheep

HELL HATH NO FURY like a woman scorned, especially a Senator's wife who has been socially slighted. American-born Lady Lindsay, wife of Sir Ronald, the British ambassador who is about to play host to their Britannic majesties, is unhappy aware of it.

It seems that she dictated a division of Washington society, official and otherwise, into sheep and goats, the goats not being invited to the much talked about garden party at which some Washington gentry are going to carry gray top-pers. Some of the goats are Senators, which might be all right except that the classification goes for their wives, too.

relief from government figure-and-fact finding in the meantime. WPA, now one of the widespread research agencies, will shut down on field contact work Sept. 30, three months before the Census Bureau's enumerators get busy on the census of manufacturers and census of distribution. Population and agriculture will follow April 1.

WPA research workers on "technological unemployment" are worried lest the economy bloc in Congress cut out their activity altogether. Organized as a C.I.O. union, they are lobbying for continuation of their jobs.

Cling to Paperwork

ALTHOUGH BLESSED by the White House, the Central Statistical Board's efforts to get agreement on legislation to consolidate and eliminate a lot of paperwork now demanded from business is hopelessly bogged down. The Census Bureau and other government agencies don't want interference. By the President's reorganization plan No. 1, the central board's present job of keeping some order in the maze of the government's statistical activities has been transferred to the Budget Bureau.

Quiz Oil Men

SOMETHING NEW in anti-trust procedure is seen in the grand jury proceedings against midwest oil companies, ordered at Danville, Ill., June 5.

Last June, 24 defendants who were named in the "second" Madison indictment of the industry pleaded *nolo contendere* and were fined. That left 15 defendants still to be tried. Now Trustbuster Arnold announced the 24 who pleaded guilty will be compelled to testify before the new grand jury, since they have immunity.

Arnold doesn't say so, but the oil industry thinks they will be pumped for evidence which will be usable against the 17 to be tried in October.

Bu
...

THE
PRO
★ Stee
★ Aut
★ Res
★ Elec
Cruc
Batu

TRA
★ Mis
★ All
Chec
Mon
Depa

PRIC
Spot
Iron
Scrap
Copper
Whe
Sugar
Cotto
Wool
Rub

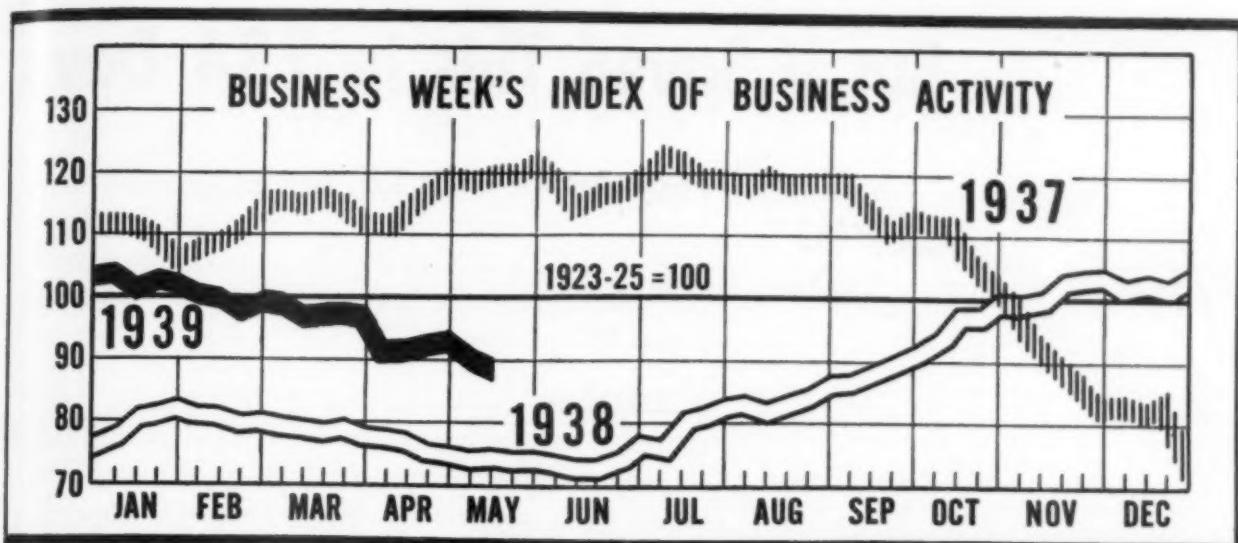
FINA
Corpor
U. S.
U. S.
Call
Prim
Busin

BANK
Demar
Total
Comm
Secur
U. S.
Other
Exces
Total

STOC
50 Inc
20 Ra
20 Ut
90 Sto
Volum

★ Facto

THE FIGURES OF THE WEEK

**THE INDEX****PRODUCTION**

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
	*90.5	†91.8	93.5	101.5	76.0
★ Steel Ingot Operations (% of capacity).....	45.4	47.0	50.9	62.6	30.7
★ Automobile Production	72,375	71,420	88,050	86,300	47,415
★ Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$4,385	\$4,403	\$4,807	\$4,438	\$2,859
★ Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$9,532	\$9,496	\$10,479	\$9,595	\$7,749
★ Electric Power Output (million kilowatt-hours).....	2,171	2,164	2,171	2,209	1,968
Crude Oil (daily average, 1,000 bbls.).....	3,403	3,581	3,495	3,243	3,362
Bituminous Coal (daily average, 1,000 tons).....	461	805	323	1,330	779

TRADE

★ Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	69	68	68	71	63
★ All Other Carloadings (daily average, 1,000 cars).....	27	29	21	41	27
Check Payments (outside N. Y. City, millions).....	\$3,830	\$4,465	\$3,672	\$3,522	\$3,566
Money in Circulation (Wednesday series, millions).....	\$6,904	\$6,915	\$6,835	\$6,764	\$6,396
Department Store Sales (change from same week of preceding year).....	-3%	+6%	+22%	-8%	-13%

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	144.0	142.9	139.2	145.0	137.0
Iron and Steel Composite (Steel, ton).....	\$35.72	\$36.21	\$36.32	\$36.29	\$38.52
Scrap Steel Composite (Iron Age, ton).....	\$14.08	\$14.25	\$14.42	\$14.58	\$11.42
Copper (electrolytic, Connecticut Valley, lb.).....	10,000¢	10,125¢	10,500¢	11,250¢	10,000¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.75	\$0.75	\$0.69	\$0.64	\$0.52
Sugar (raw, delivered New York, lb.).....	2.94¢	2.93¢	2.93¢	3.05¢	2.74¢
Cotton (middling, New York, lb.).....	9.51¢	9.39¢	8.80¢	9.27¢	8.67¢
Wool Tops (New York, lb.).....	\$0.863	\$0.855	\$0.835	\$0.852	\$0.788
Rubber (ribbed smoked sheets, New York, lb.).....	15.99¢	15.97¢	15.76¢	16.74¢	11.90¢

FINANCE

Corporate Bond Yield (Standard Statistics, 45 issues).....	5.76%	5.72%	5.81%	5.70%	6.36%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.17%	2.24%	2.32%	2.48%	2.51%
U. S. Treasury 3-to-5 year Note Yield.....	0.45%	0.47%	0.51%	0.71%	0.79%
Call Loan Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	½-¾%	½-¾%	½-¾%	¾-1%	¾-1%
Business Failures (Dun & Bradstreet, number).....	276	241	265	208	257

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	16,719	16,660	16,388	15,711	14,598
Total Loans and Investments, reporting member banks.....	21,719	21,785	21,691	21,364	20,810
Commercial and Agricultural Loans, reporting member banks.....	3,852	3,841	3,852	3,897	4,110
Securities Loans, reporting member banks.....	1,200	1,187	1,224	1,287	1,184
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	10,344	10,387	10,251	9,520	9,361
Other Securities Held, reporting member banks.....	3,290	3,347	3,320	3,217	2,998
Excess Reserves, all member banks (Wednesday series).....	4,190	4,080	3,879	3,132	2,483
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,575	2,572	2,584	2,569	2,589

STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	107.7	109.3	104.9	132.8	99.8
20 Railroads, Price Index (Standard Statistics).....	26.6	26.9	23.4	33.1	23.9
20 Utilities, Price Index (Standard Statistics).....	65.0	65.5	61.8	66.2	58.1
90 Stocks, Price Index (Standard Statistics).....	88.4	89.5	88.7	106.8	81.3
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	433	531	644	1,799	480

* Factor in *Business Week* Index. *Preliminary, week ended May 13. † Revised. § Date for "Latest Week" on each series on request.

The RIGHT Equipment Cost \$12,250

But It Saved This in 234 Days

*Perhaps you can profit
from this suggestion*

Dependability is difficult to include in specifications, but easy to obtain if you insist on General Electric equipment.

PROBLEM—A large manufacturer of automotive trucks, in accordance with his standard policies of seeking better and less-expensive manufacturing methods, investigated the process of welding his truck bodies.

SOLUTION—Careful surveys of existing apparatus in the plant and of equipment available showed that a recently developed control for high-speed spot welders would effect important savings without any change in the welding machines. One of these controls was installed on each of seven welders.

RESULTS—Lower machine-maintenance cost, improvement in welds, elimination of almost all rejects, and increased welding-electrode life were obtained with the new G-E control. The savings in electrodes alone were sufficient to pay for the cost of the control in 234 days.

Results like these are not unusual for the alert manufacturer. Substantial savings are the rule rather than the exception when the best equipment for an application is used. Such savings are possible in all types of plants and from all types of equipment—control, motors, capacitors, transformers, heating devices, instruments, switchgear, etc.

SUGGESTION—Perhaps a new search will disclose changes that may be equally profitable in your plant. Our application engineers are always glad to discuss your plant surveys with you or with your consulting engineers in order to help you obtain the full benefits from the use of the newest and best equipment applicable to your needs. General Electric, Schenectady, N. Y.

THIS IS NO. 87 IN A SERIES RELATING SOME OF THE OUTSTANDING RESULTS OBTAINED BY THE PROPER APPLICATION OF THE LATEST DEVELOPMENTS IN ELECTRIC EQUIPMENT

GENERAL ELECTRIC



011-481

BUSINESS WEEK

May 20, 1939

THE BUSINESS OUTLOOK

Recovery in carloadings during next few weeks, now that coal strike is over, will probably boost business index. Roosevelt may push spending, to bring revival and win 1940 campaign.

THE INDEX of business activity announced in this issue of BUSINESS WEEK covers the actual operations of last week, and is, therefore, the last to reflect the immediate effects of the bituminous coal strike. It is down over a point to 90.5, the lowest figure since mid-September of last year, and it has now registered a decline since the beginning of 1939 of no less than 48% of the total gain made in the revival of the last half of 1938. The 1939 recession may be said to have assumed really significant proportions.

The course of this index over the next few weeks will be the resultant of continued downward pressure by several of its components, balanced against the inevitable strong recovery in carloadings due to the conclusion of the coal strike. This recovery is sure to be great enough to do more than offset the downward pressure elsewhere. At least a moderate rise in the general index may, therefore, be awaited with some confidence.

Fill Coal Shortages

If, after coal shortages have been filled up, the index breaks again to or below the 90 level, it will have to be taken as a sign that the situation is more serious than can be believed or justified today. It will mean that the summer recovery which, before the coal strike and the March-May European crisis, had been counted on to regain the year-end peak in business or even make a new peak, but which now cannot be looked for to regain much more than two-thirds of the 1939 loss, will have to be abandoned altogether. The position taken here is that such a pessimistic outlook is not justified by the facts known today, and that this week's index, at 90.5, will probably mark the low point of the recession.

Excellent Retail Sales

The principal factors on which the prospects of a summer revival can be based are the flow of private and public spending and the healthy position of manufacturing and distributing business. The first months of the current year have been a banner period for mail order houses, while department store sales—

the most inclusive single index in the field—have held through April at approximately their November-December level. It is possible that May will see the beginning of a decline—certainly the results for the first week were unsatisfactory—but this remains a conjecture only.

Effect of Public Works

Public spending is likely to be carried on this summer at a rate which is as satisfactory from the point of view of immediate trade in the year 1939 as it is grave from the point of view of a healthy financial position for the future. Public works, and private residential building stimulated by the federal government's liberal credit terms, still promise a reasonable improvement in

all supplying and allied industries this summer. As for the latest figures, heavy contracts awarded as reported by the *Engineering News-Record* have been going down for the last two weeks, but contemplated construction as given out by the F. W. Dodge Corp. has risen.

The generally healthy position of business today is recognized by nearly all observers. Inventories—with a few exceptions, of course—are well deflated, as are commodity prices despite their steady rise from the middle of April to the middle of May. Whether this rise is a forecaster of business revival, as has often proved the case in the past and especially one year ago, or whether this week's reaction will put an end to this particular hope, remains to be seen. On the whole, business has been buying so

COMMODITY PRICES—AGAIN IN THE OUTLOOK



Business men and business forecasters are keeping a watchful eye on commodity prices, waiting to see if a turn has come. Last month the sensitive commodity index dropped to a 10-month low (BW—Apr 15 '39, p11), but in the last three weeks it has risen 4%. A spurt in buying (due to hand-to-mouth inventories in many lines) would probably boost prices further, and might signalize an upturn in general business.

carefully that any definite improvement in psychology could easily result in a rapid upturn in buying and activity.

Roosevelt vs. Chamber

The psychological considerations, however, seem to be deteriorating, at least as regards the influence of the political situation at home on business confidence. There is a quiet period in process abroad. It is at Washington that the present month is seeing a sharpening of issues which bodes ill for near-term business revival. The anti-New Deal resolutions of the Chamber of Commerce, the rejoinders from Administration spokesmen, and then new business resignations from official positions, show that the lines are being drawn for a war to the knife, and that both sides are looking forward to the 1940 campaign rather than working for any compromise.

New Spending Program

The probable meaning of these portents is temporary discouragement for industry—in other words, a damper on the summer revival and a sharper reaction thereafter—with a better long-range prospect on the assumption of a conservative swing in 1940. But the political effects of another year of poor business would be too serious for the Administration to accept it without resistance. Another spending program may, therefore, be in the offing. The Monopoly Committee seems to be expected to furnish the theoretical justification for this, so that its hearings this week assume uncommon importance.

TNEC Triples

WITH A BROAD CHARTER to investigate "monopoly and the concentration of economic power," a group of federal officials, Senators, and Representatives, set up by the President as the Temporary National Economic Committee, has been sinking test bores throughout the whole range of American business ever since last December. The breadth of the committee's sometimes mystifying interests is illustrated by its last three inquiries—into the production problems of an "infant industry" ("Dramatizing Beryllium," page 34) the marketing problems raised by the so-called consumer movement ("What Consumers Told TNEC," page 44), the financial problems of business under the American system ("Are We Saving Too Much?" page 15). With the promise, or threat, of new legislation behind these hearings, they are appraised in this issue as prime business news—significant today, important tomorrow.



Wide World

Some of Kentucky's coal-mine operators didn't like the terms under which most of the other mines in the country resumed operations with the United Mine Workers this week—and neither did Governor Chandler. He sent the national guard into "Bloody Harlan" at the request of

a county judge, and non-union men began to work some of the mines. Threatening to move in, regardless of soldiers, U.M.W. made much of the fact that the judge was part-owner of the reopened Crummies Creek mine (above) as well as one other neighboring mine.

Coal Strike Results

Lewis wins, but some districts resist union shop. Suspension was not costly.

JOHN L. LEWIS scored a distinct victory for his United Mine Workers over the rival Progressive (American Federation of Labor) union when he emerged from the Appalachian wage conference last Saturday with contracts recognizing the U.M.W. as the exclusive bargaining agent of the men and making membership in U.M.W. a condition of employment. The victory, however, served to highlight how much the U.M.W. feared inroads of the Progressive union since that organization has been taken into the A.F.L. fold. Six of the 13 Southern fields that were parties to the agreement which expired on March 31 declined to sign the new two year contracts last Saturday, but five of them signed this week.

Coal operators who capitulated to the Lewis terms sacrificed neither prestige nor position. Wages, hours, and working conditions which affect production costs are identical with those in the 1937-39 agreements. Existing rights of management are preserved both by specific contract provisions and by commitments made by U.M.W. leaders during final discussions of the new agreements. Operators employing men not now U.M.W. members were told that they would be given every reasonable opportunity to make the necessary readjustments.

From the time the "union shop" issue

was first raised, opposition to its acceptance centered largely in the Southern operator groups. Collapse of that opposition outside the Kentucky-Tennessee-Virginia high-volatile sector was due to three causes: (1) foreknowledge that Northern producers were ready to accept the Lewis terms, (2) increasing government pressure to end the six weeks' suspension, and (3) union assurances that the recognition proposals contemplated "no intrusion upon the rights of management as heretofore practiced and understood."

How Much Did Industry Lose?

On the monetary side, the suspension cost the industry much less than might commonly be expected. Except for certain railroad and public utility buying, there was little shifting of orders from Appalachian mines to outlying fields which worked last month. Despite isolated consumer shortages, unshipped loads of coal on hand April 1 had not been completely absorbed when the suspension was lifted, and prices softened before the new contracts actually were signed. Consumer stocks on May 15 were sufficient to last between two and three weeks. With the existent surplus capacity, tonnage lost during the suspension readily can be made up.

How many consumers may have shifted to oil or gas, however, is still unknown. Every such shift, of course, represents a permanent or semi-permanent loss for coal. Fear of such losses played an unpublicized part in ending the labor deadlock.

Are We Saving Too Much?

That's the fundamental question now being examined by TNEC. Economists and industrialists give views on methods of reviving plant expenditures.

THE TEMPORARY NATIONAL Economic Committee this week set out to find some layman's answers to a basic economic question: how much do we not consume? For the committee was busy exploring the broad subject of savings and investments; and savings, as college students learn in Economics I, is merely abstention from consumption. Consequently, savings represent individual non-consumption.

But savings can be invested. And if invested, say, in bonds, or common stocks, or in bank deposits, or in insurance policies, they can then be converted into bricks, and mortar, and machinery—what business men call plant and equipment. In such a case, savings are not hoarded; they do not represent national non-consumption. They are, then, reintroduced into the stream of consumption. They become an integral part of the national production and purchasing power.

Thus, savings play an important part in the ups and downs of the nation. Which is why it is one of the vital phases

of the TNEC inquiry. Which is also why economists in recent years have called over-savings one of the curses of business. Because savings which did not go into the production of plant resulted in unemployment in the capital goods industries.

Maturing Country and Its Savings

With that sweeping background, the hearings promptly broadened out into questions of America's economic development. Dr. Alvin H. Hansen, of Harvard, made the point that as a country approaches maturity, it needs less plant and equipment, and the problem of finding outlets for savings becomes acute. Supporting argument: during 1930-1938, American capital goods industries operated well under capacity.

Dr. Lauchlin Currie, one of the Federal Reserve Board economists and an exponent of the "compensatory spending" school, documented the argument with figures. He showed that since 1929, plant and equipment expenditures have been

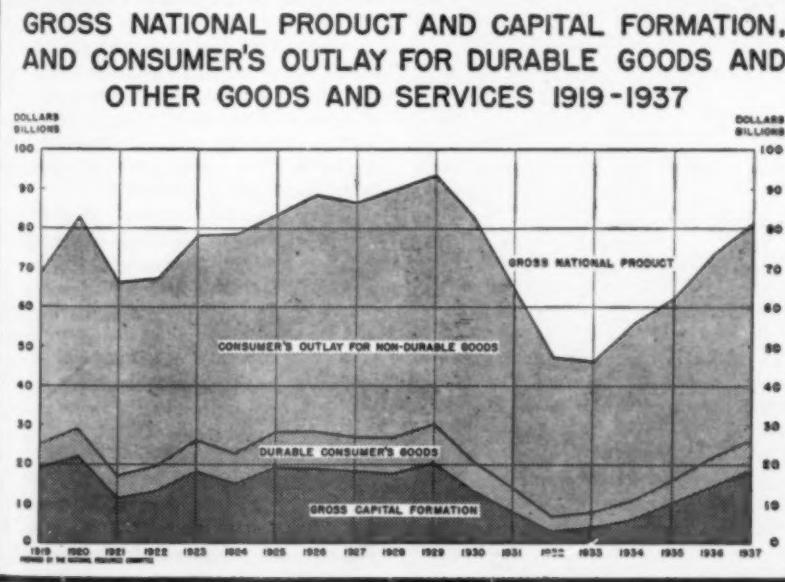
First Aid to Laymen

Lest economists confuse themselves and laymen by using the same words in totally different senses, TNEC this week started off with a prefabricated economic terminology which would mean the same thing to all men.

Typical TNEC admonitions: Avoid talking about a *consumption economy*. Sounds like tuberculosis. Use *pay-as-you-go economy*. . . . Capitalism is an emotional word. Avoid it so far as possible. Also avoid the *profit system*. Use *our economy*, or *our economic system*. . . . Investment is a "good" word but a loose and slippery one. Serious confusion arises between *physical investment*—stuff you kick with your foot, or *financial investment*—stuff you crumble in your hand. . . . Does *industry* refer to all private enterprise, or only manufacturing and transportation, or what? A very loose term.

Words and phrases on the TNEC taboo list include: capital; productive capital; capital goods; capital outlays; capital formation (see chart!); wealth; assets; equity; credit; bank credit; mature economy (because it suggests "senility"); monopoly; competition; administered prices; construction; extensive or intensive investment.

Apparently, TNEC substitutes specific words and phrases for old phrases with emotional content. Question: Is *our economy* more specific than *capitalism*?



Typical of the TNEC hearings this week was such a recondite chart as this displayed by Prof. Hansen of Harvard. Stripped of its complicated verbiage the chart indicates that when plant improvement and expansion (indicated by capital formation) are large, then production

of consumers' durable goods and production of consumers' non-durable goods are likely to be high. When savings (or capital) are utilized for plant and equipment, then there is no interruption to the stream of purchasing power. Savings, instead of being hoarded, go to work.

on the decline, and that, although in 1937 equipment purchases approached the 1929 level in a short-lived burst of glory, plant expenditures were only half the boom year total. Apparently, obsolescence was a big factor in the 1937 upswing—not broad national growth.

After that economic foundation, the committee turned to the practical side of savings and investments, turned to industrialists for their views on financing. Youngish, white-haired Edward R. Stettinius, Jr., chairman of United States Steel Corp., led the parade—to be followed by Owen D. Young, of General Electric; J. Howard Pew, Sun Oil; Donald L. Brown, United Aircraft; Alfred P. Sloan, General Motors; Edgar M. Queeny, Monsanto Chemical.

Probe Word Tyranny, Too

After the committee gets through with this study, members will have had the equivalent of a Ph.D. in economics. This was pretty much indicated by the glossary of terms prepared for the hearings by Stuart Chase, a popularizer of economics and rebel against "the tyranny

of words." His standardized vocabulary suggests that the hearings will range through such basic topics as unemployment, labor, profits, investment banking—in fact, any phase of economics, including the fundamental question:

How can our present system be made to work?

If the committee finds a concrete answer to that question it will meet the challenge of President Roosevelt's letter at the outset of this week's hearings. Wrote the President to Sen. O'Mahoney:

"I take it that a major problem of your committee will be to ascertain why a large part of our vast reservoir of money and savings have remained idle in stagnant pools.

"Is it because our economy is leaving an era of rapid expansion and entering an era of steadier growth, calling for relatively less investment in capital goods?

"Is it because of lag, leak and friction in the operation of investment markets which pervert the normal flow of savings into nonproductive enterprise?"

Spending Dispute Comes Up

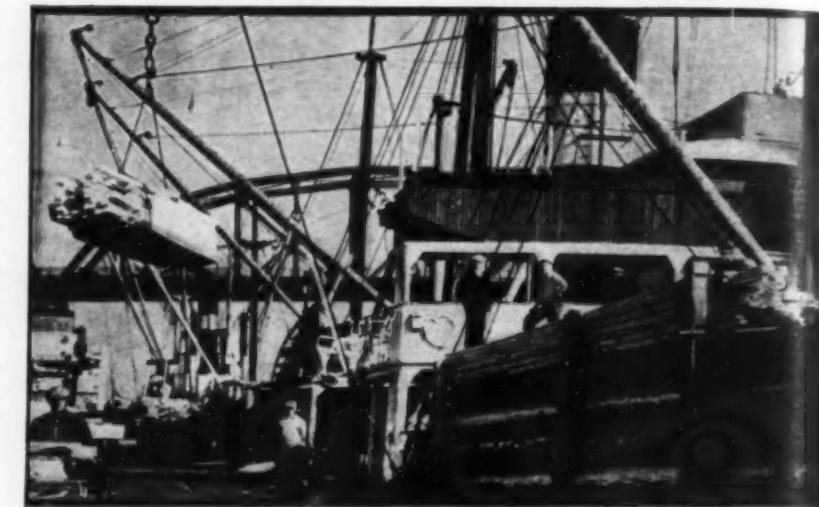
Inasmuch as the present phase of the hearings is being conducted by the SEC, it was obvious the government's deficit spending policy would get a big play. Government economists were certain to make the point that deficit spending is necessary to offset private hoarding of savings, and keep the purchasing power flow even. For the anti-spenders, this was bound to be a cue for the argument that deficit spending may have been aimed that way, but the results were wide of the mark. For which the government rebuttal is: but there was not enough spending.

Ultimate conclusion (if any is reached) might be that savings become investments haphazardly because their movement into consumption channels depends on individual and institutional needs and whims. Therefore, capital goods production does not rise and fall with con-

"Big" and "Small"

So MUCH TO-DO has been made in Washington over the "small business man" that nobody ever really tried to determine who was and who was not a "small business man". So, Stuart Chase, TNEC helper, decided to put big and small business men in their niches.

He defines a *small business* as one with sales under \$2,000,000 a year; a *big business* as one with sales over \$2,000,000 a year. Says he: "Without such a quantitative dividing line, nobody is going to know very clearly who is a small business man and why the nation should weep for him."



This was the last of a cargo of lumber to swing aboard a ship in Portland, Ore., before Portland longshoremen struck last week. The

C.I.O. Maritime Office Workers Union charged that the Luckenbach Line failed to comply with an NLRB order to reinstate three men.

sumption goods production; and cyclical instability thereby becomes an inevitable part of our economic system.

From there, the committee may go on bravely to suggest some form of economic planning as a corrective. More likely it will let the minutes of the meetings speak for themselves. In which case, controversial summaries, conclusions, and suggestions would be avoided.

Oil Tanker Strike

Some boats on Eastern Seaboard remain tied up by union's struggle for closed shop.

ENGAGED IN A TUG-OF-WAR which has moved but little one way or another for one full month, owners of eastern oil-tank steamers and striking seamen who formerly worked for them were still at odds this week. Public attention was focused on the dispute anew when Sec. Hopkins announced that five big operators (Standard Oil of N. J., Socony-Vacuum, Tidewater - Associated, C. D. Mallory, and Malsten) had violated safety-at-sea laws by hiring unqualified seamen, and had been fined some \$50,000.

Upwards of 7,000 men in the division called "unlicensed personnel"—deckhands, oilers, and utility men—are required to man the 280 deep-water tankers which, flying the American flag, shunt crude oil and gasoline from Gulf ports to destinations along the Eastern Seaboard. During the past couple of years, the National Maritime Union (C.I.O.) has had labor contracts covering

about 80% of these ships. But when the contracts ran out last April 17, the N.M.U. demanded closed-shop clauses. And then the strike was applied.

Majority of Units on Job

To date the strike has been unsuccessful in tying up the traffic. Although some 52 ships were held in port for a couple of weeks after the men walked off the decks, other labor was found and all but 16 units of the fleet were operating this week. Meanwhile, negotiations were getting along well in some quarters, were stalled in other places, and had not even been attempted elsewhere.

The union said this week that it had signed up the Gulf Oil Corp. (which Gulf denied) and the Pennsylvania Shipping Co. of Philadelphia and that the rest of the companies who were operating under the old contract while negotiating over the new one would soon come into line. The union also declared that it was ready to renew negotiations with the struck companies but that, in the meantime, it would try to intensify the strike by: (1) Complaining to the Bureau of Navigation about "scab-herding" and the alleged employment of men who do not have Able Seaman certificates; (2) a collection drive among union members for more strike funds; and (3) an immediate meeting with the operators of dry-cargo and passenger vessels to threaten them with a general shut-down if they carry cased oil from the obdurate companies.

About 45 tankers of the American fleet never have been under contract to the N.M.U. and are not now affected by the drive for a closed shop.

Retailers Furnish a Forum for '40

Roosevelt and other Presidential candidates will speak before American Retail Federation, which has made a sharp gain in membership and importance.

WASHINGTON (Business Week Bureau)—Retailers assembled here May 22 will speak with a national voice on what "small business" expects from its government. So much for the press agent's gaudy panegyric on the American Retail Federation's forum which will make the front-page business and political news next week.

It's not the voice but the ear of small business, however, that is the important organ in this connection. Roosevelt, Wallace, Hopkins, three Presidential candidates—four, if you include Joe Martin, House Republican leader—will do the talking. Four on one program; that doesn't happen often, even in Washington. The meeting may turn out to be the biggest political sounding board this side of the 1940 campaign. A sounding board provided by an organization which had a very inauspicious birth a few years back. So astonishing is the magnitude that this "forum" has assumed that the peculiar circumstances have revived the story of the hen and the egg.

Did it start with the President's desire for a business platform on which he could stand or, having started simply as an effort to put A.R.F. on its feet, did Roosevelt seize upon it as suited to his purpose to speak under auspices presumably untainted by the influence of "big business"?

Promote Retailers' Get-Together

The facts are: When Hopkins came in as Secretary of Commerce last December, a couple of A.R.F. men went to him to protest that the department's business advisory council is not adequately representative of retail trade. They wanted him either to add retailers to the council which Roper had jollied along or set up some kind of a retailers' body to occupy the same relation to the department. Hopkins was impressed but weeks went by in which nothing much happened, because of his illness. Then came the idea of a national get-together of retailers. It rapidly gained momentum under the energetic promotion activities of Howard Chase, a young Iowan with important Iowa connections which greased his skis in Washington. Hopkins and Wallace were sold on the idea. Gen. Wood of Sears, on Hopkins' staff and a member of the federation's board, and Louis Kirstein of Filene's, chairman of A.R.F.'s board and its original promoter, helped out. Kirstein said he'd try to sign up the President—they are good friends

—and it's interesting but not surprising that F.D.R. should accept Filene's invitation on the same day that he turned down the U.S. Chamber of Commerce.

A.R.F. is riding high. It looks as if a quorum of Congress would be present at Monday's dinner at which the President will speak over National, Columbia, and Mutual networks (9:30 E.S.T.). As a supreme touch of artistry, the justices of the Supreme Court have been invited to attend. Columbia will put Hopkins on the air Monday afternoon (1:45). N.B.C. will pick up Joe Martin at 3 p.m. and on Tuesday, Sec. Wallace's luncheon speech will be broadcast by Mutual at 1:30.

Fortune has not always been so rosy for A.R.F. Organized by big department and chain store executives in April, 1935, in an attempt to iron out strife between various branches of retailing aggravated

by NRA codes, the organizers quickly discovered that they had taken too much for granted. Independent merchants in many lines wouldn't accept the leadership of the big boys who had put C. O. Sherrill, of Kroger, in as president.

A Congressional investigation of this "super-lobby," instigated by Rep. Cochran of Missouri, cleared A.R.F., but Rep. Wright Patman turned it into the drive against the chain stores, on which he has since ridden to fame and in which the Robinson-Patman anti-price-discrimination law had its direct origin.

State Groups Join Up

To win the confidence of retailers, A.R.F. started lining up state associations and today has 25 in its membership, in addition to 111 subscribing member stores (counting the separate units of Allied Stores Corp., R. H. Macy & Co., May Department Stores Co., Marshall Field & Co., National Department Stores) and seven national retail trade associations: National Association of Chain Drug Stores, Cooperative Food Distributors of America, and the following, which are also members of the much older Retailers' National Council: American National Retail Jewelers Association, Mail Order Association of America, National Retail Dry Goods Association,



Harris & Ewing

Louis Kirstein, one of the original promoters of the American Retail Federation, is promoting its biggest meeting in Washington next week—a forum, addressed by Roosevelt, Hopkins and Wallace, which may be the biggest political sounding board this side of the 1940 campaign.

National Retail Furniture Association, National Shoe Retailers Association. A.R.F. has invited to its forum the Council's other member associations: National Council of Shoe Retailers, National Retail Hardware Association, Limited Price Variety Stores Association, National Association of Retail Grocers, National Association of Food Chains, National Association of Retail Clothiers.

Rivalry between the Council and A.R.F. no longer seems to be of the trigger point variety. There's some evidence that the Council is more active in legislative matters at the Capitol. A.R.F.'s specialty is research, directed by Dr. Werner K. Gabler, who came to A.R.F. in 1937 from the University of Pittsburgh Research Bureau for Retail Trade, when Dr. David R. Craig moved up to the presidency, succeeding Col. Sherrill.

For Organized Small Business

In Washington retail business is just another name for "small business" and, regardless of its origin, A.R.F. is tacitly accepted as the representative of the vast 80% of business men engaged in retail trade. Federation headquarters want to make it clear, however, that next week's meeting is for organized small business, "not for every Tom, Dick and Harry." Chairman of the luncheon meeting who will introduce Sec. Hopkins is W. W. Welsh of Peru, Ind. Homer W. Ladd, Ladd Furniture Co., Fort Worth, was picked to be the South's small retailer on the program. The meeting will adopt no resolutions, a refreshing departure from usual convention rigmarole and a very smooth bit of strategy if, perchance, the meeting should produce some vociferous dissenters. Kirstein will sum up at the close.

FTC Opens Up on Voluntaries

Brokerage commissions—lifeblood of voluntary chains—are under fire in complaint against Red & White and Modern Marketing Service.

INDEPENDENTS in the grocery trade have had a choice of two courses to pursue in their fight against chain stores. One trail led to federal and state legislatures, where laws might be enacted to fetter the chains or eliminate them entirely. The other path led to emulation of the chains; it meant banding together in voluntary or cooperative groups to beat the chains at their own game.

Last week the seeming incompatibility of the two courses was demonstrated when the Federal Trade Commission invoked the Robinson-Patman law—thus far the most significant bit of federal legislation aimed at chains—in a long-expected complaint against one of the biggest voluntaries in the grocery field (*BW*—Aug 13 '38, p25). Specifically, the FTC charged that giant Red & White, of Chicago, through its purchasing agency, Modern Marketing Service, Inc., had accepted brokerage from manufacturers in violation of section 2 (c) of the R-P law.

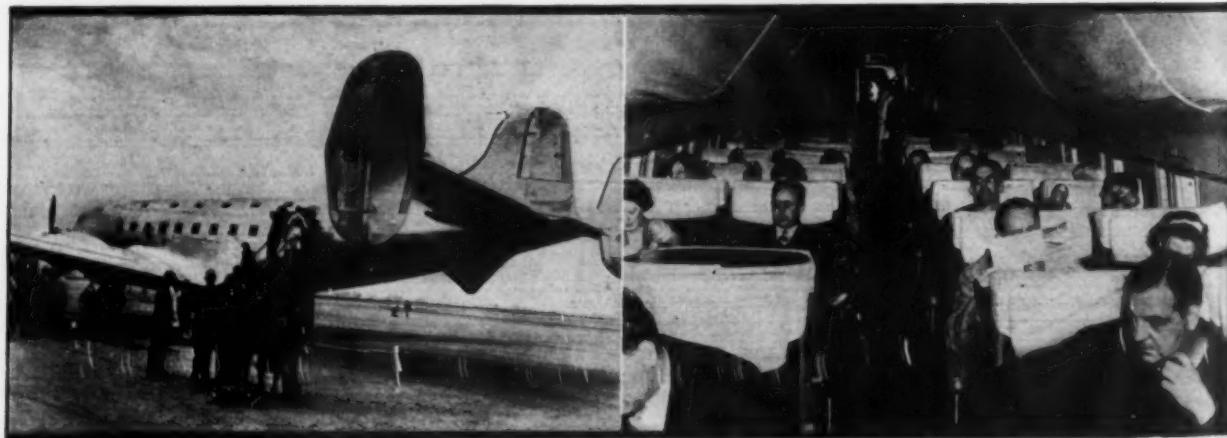
In emulating the corporate chain, independents have organized in two types of groups—the voluntary chain and the retailer cooperative. The voluntaries, of which Red & White is one of the biggest and most powerful, are distinguished from cooperatives in the all-important matter of control. The cooperatives are associations of retailers banded together

for collective buying and advertising; they own and operate their own wholesale houses, share in the profits of the wholesaling business in proportion to their patronage. Voluntaries, on the other hand, are wholesaler-controlled; in them, the retailers are mere satellites. As in the case of the retailer cooperative, each grocer owns his own store, is solely responsible for his own profit or loss, but in the voluntary chains, there is no rebating of profits to the retailer. In addition to the credit facilities which any retailer expects from his wholesaler, the voluntary member gets the advantages of the group name as well as advertising and merchandising counsel. In the case of the big regional and national voluntaries in which many wholesalers are banded together, retail members can match the corporate chains, price for price, because of the mass buying of the big combine.

R-P Law and Brokerage

Prior to passage of the Robinson-Patman law in June of 1936, the big voluntaries and retailer cooperatives not only got advertising allowances and quantity discounts but they also openly collected brokerage fees from manufacturers—just as did the big private chains. The brokerage was the life blood of the headquarters organizations of the big voluntaries like Red & White, Independent Grocers Alli-

The Douglas DC-4 Carries Its First Passengers



The giant Douglas DC-4 plane, cooperatively developed by Douglas and the five big transport companies—United, TWA, American, Eastern, Pan American—took off on its first passenger flight in Los Angeles last

week (left). The cabin (right) looks like a railroad coach, holds 40 passengers. The plane will be passed around among the five companies for tests. United gets it first, has an option on first three DC-4's to be built. Acme

This booklet is helping office executives meet THE HOURS PROBLEM



SEND FOR THIS BOOKLET!

For the executive concerned with the problem of conserving clerical hours, this new booklet contains many specific suggestions for readjusting office routine. Write today, on your own letterhead, for your free copy.

Executives concerned with conserving clerical hours are using this booklet to assist them in correcting situations such as these:

BOTTLENECKS

If any department or individual is obliged to be inactive when work "clogs" at some other point, the cause of the bottleneck should be discovered. A slight change in equipment or routine may insure a more even flow of work.

PEAK PERIODS

If sales, purchases, costs, and other figures are merely recorded from day to day, peaks arise when employees must rehandle the figures to write customers' statements, take a trial balance, analyze accounts, or complete statistical reports. Newer methods make it possible to iron out peaks by eliminating costly rehandling of figures.

UNNECESSARY DUPLICATIONS

Duplication of media or records in a separate operation takes time and creates the possibility of errors. If unproductive intermediate steps are required to fit the work to present machines or system, investigate "direct-to-final-results" methods.

NEEDLESS OPERATIONS

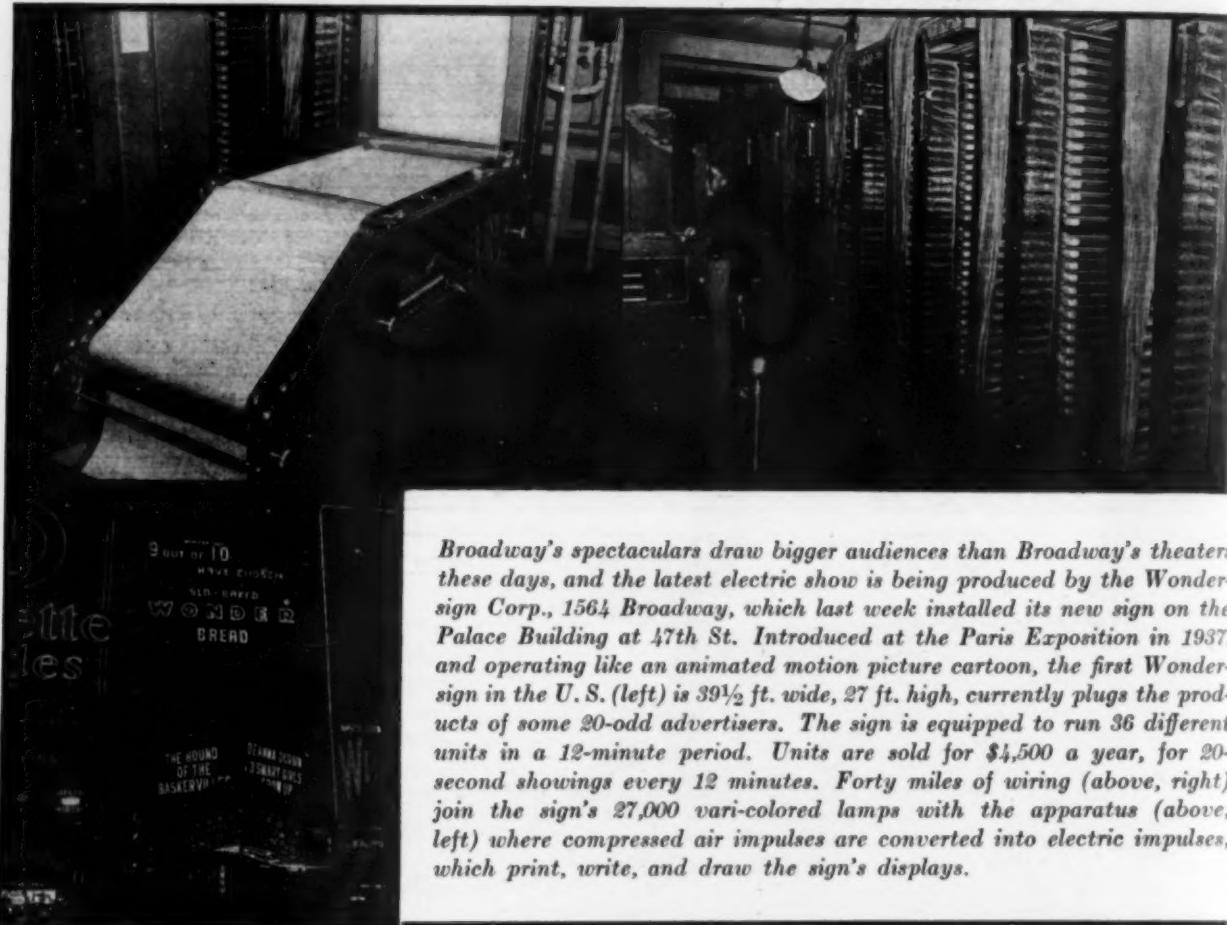
Studying the work at each desk may reveal how a few simple short-cuts would save thousands of needless operations on your figuring, accounting, form-writing, and statistical work.

The local Burroughs man will be glad to help you make a desk-to-desk survey. It will enable you to determine whether any of your employees are handicapped by operations that might be shortened or eliminated. Call him today, or write direct.

BURROUGHS ADDING MACHINE COMPANY
6015 Second Blvd., Detroit, Mich.

Burroughs

Movies in Colored Lights Make Their Broadway Debut



Broadway's spectacles draw bigger audiences than Broadway's theaters these days, and the latest electric show is being produced by the Wonder-sign Corp., 1564 Broadway, which last week installed its new sign on the Palace Building at 47th St. Introduced at the Paris Exposition in 1937, and operating like an animated motion picture cartoon, the first Wonder-sign in the U. S. (left) is 39 1/2 ft. wide, 27 ft. high, currently plugs the products of some 20-odd advertisers. The sign is equipped to run 36 different units in a 12-minute period. Units are sold for \$4,500 a year, for 20-second showings every 12 minutes. Forty miles of wiring (above, right) join the sign's 27,000 vari-colored lamps with the apparatus (above, left) where compressed air impulses are converted into electric impulses, which print, write, and draw the sign's displays.

ance, and Clover Farms. Out of that 5% they paid for the merchandising services rendered to members.

Then along came the R-P law with its provision that buyers could not collect brokerages—and the trade wondered what would happen to voluntaries. Cooperatives figured they were in the clear, for the last section of the R-P law says that "nothing in this act shall prevent a cooperative association from returning to its members, producers, or consumers the whole, or any part of, the net earnings or surplus resulting from its trading operations."

Marketing Service Set Up

As for the voluntaries, it's no trade secret that they have continued to collect their brokerage commissions in one form or another. Some have simply decided to brazen it out and continue as they were. Others have put all their buying on a net price basis—the net price being lowered by the exact amount of the brokerage which they used to collect. Others sought to comply with the law by a separation of functions. One of these was Red & White.

In October, 1936, some of Red &

White's executives pulled out and set up Modern Marketing Service, Inc. They bought the control of all labels used on Red & White brands, and let it be known that they were private brokers ready to represent any and all suppliers. Naturally, manufacturers and canners who wanted to sell merchandise to Red & White found it convenient to let Modern represent them. Suppliers who wanted to sell goods for distribution under Red & White's private brand label found it particularly expedient to deal with Modern. Modern was, however, obliged to supply labels to any wholesaler who might want to buy his own requirements, provided the goods conformed to standards established for the Red & White brands. The Federal Trade Commission's complaint argues that Modern, in effect, rebated brokerage commissions to Red & White by taking over such headquarters services as the distribution of information on market trends, a matrix service for newspaper ads, a monthly magazine, and handbills.

Despite restrictions on buying privileges imposed by the R-P law, voluntaries are in virtually as strong a position today as perhaps ever before. The Ameri-

can Institute of Food Distribution estimates that in June, 1936, there were 534 wholesaler-sponsored voluntaries, with 81,242 retailers attached. Today there are only 521 voluntaries, with 81,081 retailers attached, but the institute says that the slight decrease in numbers is more than offset by a strengthened operating position.

The long-profit private brand lines, backbone of any voluntary chain operation, are generally considered to be in vastly strengthened position as a result of the extra merchandising effort which was put behind these brands when advertising allowances were first choked off on enactment of the R-P law.

Voluntary Officials' Arguments

Voluntary chain operators are more inclined than worried about the FTC complaint against Modern. They claim that their organizations are accomplishing the declared objective of the R-P law by aiding the independent merchant to compete on equal terms with corporate chains.

Furthermore, they claim that they render a more complete brokerage service than the old-line private brokers whom

Behind the Industries up in front...

YORK ENGINEERED REFRIGERATION



for longer drives or better bologna!

Freezing countless golf ball cores before winding for greater resiliency...aiding in the curing of endless miles of sausage for better flavor...York plays a tremendous part in the efficient operation of a thousand and one varied industries. • Industry gives York the lion's share of her tough problems because York comes through with *engineered answers*. York deals with facts born of research...builds equipment and trains men to apply it...at the lowest cost to industry! • Whether you need refrigeration for a complex installation or the simplest application...in Syracuse or Scandinavia...call on York.

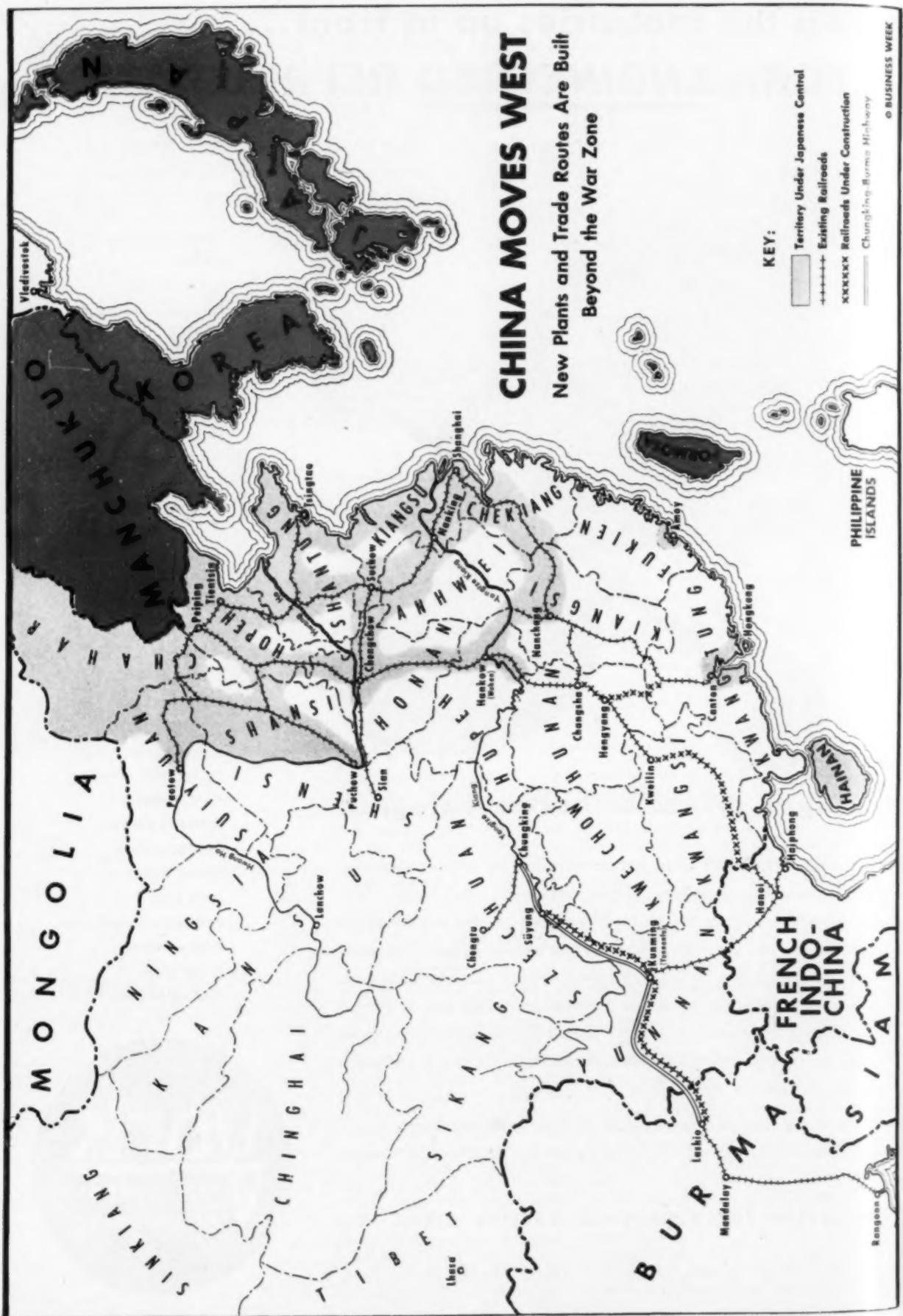
York Ice Machinery Corporation, York, Pa. Headquarters Branches and Distributors everywhere...with engineering service throughout the world.

HEADQUARTERS FOR MECHANICAL COOLING SINCE 1885

*A few of the many companies
who have bought York
Refrigeration in the past year:*

AMERICAN VISCOS
ARMOUR
A. & P. TEA CO.
BALTIMORE & OHIO R. R.
BORDEN
CALCO CHEMICAL
CANADA DRY
CUDAHY PACKING
DU PONT
EASTMAN KODAK
FIRESTONE
FIRST NATIONAL STORES
FORD MOTOR
GENERAL BAKING
GENERAL FOODS
GENERAL MOTORS
GOODRICH
GULF OIL
HUMBLE OIL
HERSHEY CHOCOLATE
MONSANTO CHEMICAL
PABST BREWING
PACIFIC FRUIT EXPRESS
PENNSYLVANIA R. R.
RUPPERT'S BREWING
SHEFFIELD FARMS
SOCONY VACUUM
SWIFT & CO.
TENNESSEE EASTMAN CORP.
TEXAS COMPANY
UNITED FRUIT
WALDORF-ASTORIA





they b
official
ally:
whether
mission
not? I
manufa
volunta
those g
final co

Ch

are
route

TOKYO
China's
econom
development
Until th
rillas a
hope of
investm
continu
uges in
factories
must ke
tain mu
volve
of the v
and the
the outs

Junks

Indus
west ha
the Japa
the Sha
quickly
ery into
national
S
ported
railroad,
Hunan,
amazing
elaborate
Wuhan
machines
even the
junks. Si
by beam
and floor
mantling
pleted w
many imp
the Wu
naces at
kow), wh
plants ar
king and

Since l
three sub
ing a 82
States).
to buy
rial recor

they blame for the law. As one voluntary official put it—somewhat more sulphurically: "What difference does it make whether I divvy up the brokerage commissions I collect with my wholesalers or not? I render a real selling service to the manufacturers I represent. Through our voluntary organization we keep pushing those goods right through to the point of final consumer sale."

Voluntaries aren't much worried about the outcome of the FTC action, for they have several "outs." They can function on the net price basis and buy their requirements from suppliers who confine their business solely to one or more big buyers. And if worse comes to worst, the voluntaries can always play with the idea of transforming themselves into *bona fide* retailer cooperatives.

despite adverse operating conditions. The National Resources Commission is now launched on an ambitious scheme to expand and modernize the mines, whose number increased from 48 to more than 100 during 1938.

The Ministry of Economics has dispatched a group of mining experts to the gold-producing centers in Yunnan, Szechuan, and Chinghai to prospect the mining possibilities in these provinces. It is estimated that gold production can be increased to \$50,000,000 from the present \$15,000,000. This would help mightily in maintaining China's war purchases abroad.

Railroads—For War and Trade

Dr. H. H. Kung, minister of finance, is heading the Economic Reconstruction Committee which also controls railroad construction. Twenty million dollars has been set aside as an initial working fund. Plans for 11 railway lines have been mapped out to connect all provinces in the Southwest. With British credits, construction on the vital Yunnan-Burma railroad is being pushed with energy to make it available for traffic by March, 1941.

Ten new locomotives and 200 cars have been ordered for the Yunnan-Indo-China line, which is at present the only railway carrying armaments into China. The new equipment is part of an extensive project to increase the capacity of the railroad. There is said to be at present more than a three months' backlog of cargo in Hanoi, Indo-China. It includes hundreds of American motor trucks which have been assembled under the direction

China's Industries Fight On

Removed bodily ahead of Japan's advance, plants are rebuilt in the West. Products, traveling over new routes, add to Japanese difficulties.

TOKYO (Business Week Bureau)—China's "war" plan is to beat the invader economically by intense industrial development in territory she still holds. Until the last resistance of Chinese guerrillas and regulars is crushed, Japan's hope of a cash-in on her staggering war investment will remain unrealized. To continue the struggle from mountain refuges in the Southwest, China must have factories to turn out war materials and must keep her foreign trade going to obtain munitions from abroad. This involves creating industrial centers in one of the world's most backward territories and the opening of new trade avenues to the outside world.

Junks Transport Workshops

Industrialization of the Chinese Southwest has made a remarkable start. When the Japanese troops were advancing into the Shanghai district, the wily Chinese quickly removed their industrial machinery into the foreign-controlled International Settlement. Later they transported much of the equipment by ship, railroad, and truck into Kwangsi, Hunan, Kiangsi provinces. Still more amazing was the piecemeal removal of elaborate plants from the Hankow-Wuhan sector. Workshops complete with machines, drive shafts, power plants and even the roofs were loaded onto river junks. Six to twelve of these were joined by beams to provide sufficient buoyancy and floor space. The whole job of dismantling, loading, unloading was completed with automobile jacks and sweating manpower. In this way, nearly all the important equipment was moved out of the Wuhan sector save two blast furnaces at Hanyeping (a suburb of Hankow), which were blown up. Most of the plants are now being operated at Chungking and Kunming.

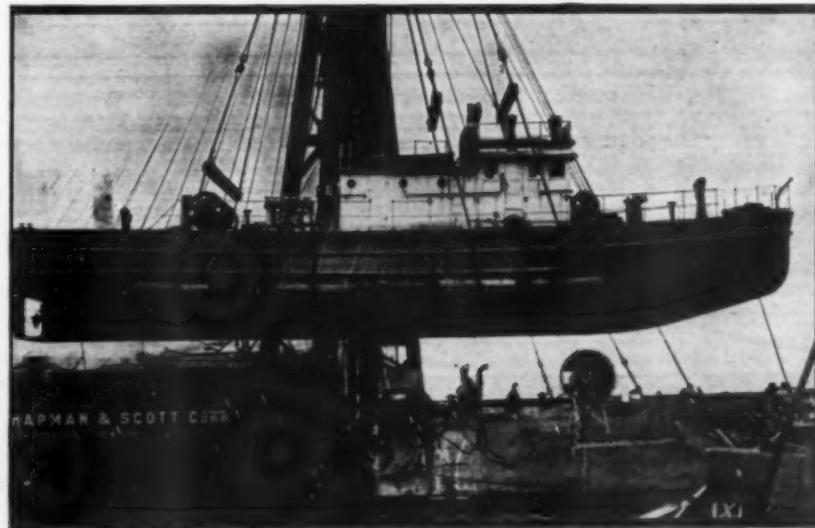
Since late last year China has obtained three substantial foreign credits (including a \$25,000,000 loan from the United States). These are being utilized partly to buy war materials, partly for industrial reconstruction.

American automobiles and heavy machinery, British railroad material and rolling stock are now filtering into China from Indo-China and Burma, are helping to meet the immediate needs of industry and communication. The rejuvenation of obsolescent mines—tin, tungsten, and antimony—has created a large demand for mining equipment. Contracts have been let to both American and British firms, formerly unable to compete in this market with German exporters.

An iron foundry, with an initial capacity of 10 tons daily, is under construction in Szechuan. Others probably will be added.

Tin mining in the same province (it accounts for 95% of China's output and is an important source of American supply) produced a record volume last year

For Delivery to the U.S.S.R.

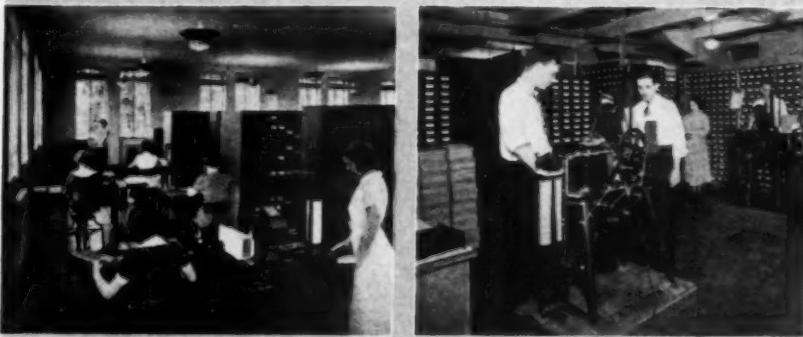


International

Soviet engineers ordered this U. S. fireboat after they saw a picture of one like it in a U. S. magazine. The boat was loaded last week on a Vladivostock-bound freighter (above), is 90 ft. long, weighs 180 tons, has heavy bows and a raked stem to facilitate maneuvering in icy waters.

ADDRESSING MACHINE OWNERS—

Save half your addressing costs and floor space with this new and silent Elliott addressing equipment. It prints better addresses 2 to 5 times faster from Address cards that are made 2 to 6 times faster.



This shows two of the thousands of offices that have changed from metal address plates to Elliott address cards during the last few years for the following reasons:



"By changing to the Elliott Addressing System we were able to save enough on labor alone to more than pay for the machine in twelve months."

"Because instead of punching addresses into the Elliott address cards with slow and noisy address punching presses we simply throw our typewriter ribbon to the OFF position and stencil the addresses as fast as typewriting."

"And when we take an Elliott address card out of the typewriter, no time is wasted inserting an index card and index tabs with each address plate to make it readable."

"And we have found Elliott address cards to be even more durable than metal address plates."

May we send you a booklet that tells you the many other Elliott advantages?



Elliott

ADDRESSING MACHINES

151 ALBANY STREET, CAMBRIDGE, MASS.

of American engineers and now await shipment into China.

Several minor railroads are under construction. In many stretches the rails came from lines now in Japanese control. One is the Hunan-Kwangsi Railway, which will form a main line of communication in the Southwest. The Hengyang-Kweilin sector, a distance of 200 miles, has already been completed and opened to traffic. Other new lines are the Siyung-Kunming Railway, more than 600 miles, and the Chengtu-Chungking Railway, 350 miles.

Many new highways have been built since the outbreak of the hostilities, mostly by manual labor. A new road of great strategic and commercial importance is the 600-mile highway (BW—Dec 24 '38, p36) which begins at Kunming in Yunnan and terminates at Lashio, Burma, traversing very difficult terrain.

Air Routes, Steel, Radio

Though a sharp curtailment has been made in the original 10,000-mile airline program, new air routes have been opened. These include 2,100 miles operated by the China National Aviation Corp., in which Pan-American Airways has a 45% interest, and 4,000 miles by the Eurasia Aviation Corp., a Sino-German enterprise. Several years ago an aircraft factory, controlled by Curtiss-Wright Corp. and Douglas Aircraft Co., was established in Chekiang. The same interests are establishing a second plant near the Burmese border.

A \$2,500,000 steel mill, under construction in Chungking, is nearing completion.

Three thousand miles of new telephone lines have been laid since the outbreak of the hostilities, with the length of cables used already 10 times that distance. Eight new radio stations have been erected in the southwestern provinces, with 14 more either planned or under construction, and a radio-phone service has been opened between Chungking and Kunming.

The Chinese Southwest, which supplies most of the tung oil for America's paint and varnish industry, is having trouble getting the product abroad, but supplies are coming out in sufficient volume to prevent a serious dislocation of the market. Efforts are being made to increase output and improve quality.

Tea Trade Gets Help

A Yunnan Tea Co. has been established with a capital of \$1,000,000, supplied by the Bank of China. It will boost Yunnan's famous Pu Erh tea abroad, and to the same end the Foreign Trade Bureau for Chekiang has extended \$10,000,000 in credits to tea merchants of the province.

The vitality of Chinese commerce is reflected in the number of registrations at the Bureau of Trade Marks in Chungking. Since the bureau opened a year ago, 1,185 trademarks have been listed, of

which 349 belong to foreign merchants.

There are now branches of the Central Mint in Chungking, Chengtu, Lanchow, and Kweiulin. The plants started work at the beginning of November last year and have since turned out millions of copper and nickel coins.

Ninety branch offices of Chinese banks were established in the southwestern provinces and abroad during 1938. They include 24 in Szechuan, 13 in Hunan, 11 in Yunnan, 9 in Fukien, 7 in Kwangsi, 6 in Kwangtung, and 8 in foreign countries. So far, no foreign bank has opened a branch in the new Chinese Southwest.

"Ship American" Plea

Former Dollar Line's appeal boosts trade. Suggests end of ship subsidy.

EARLY THIS YEAR, the management of the American President Lines began beating the drum consistently before shippers with the "Ship American" theme, but with a new angle: the possibility of shifting enough American cargo to American-flag ships to reduce, and maybe eliminate, the need for operating subsidies.

Before some 5,000 shippers in half a dozen addresses during the first three months of the year, Pres. Joseph R. Sheehan has emphasized the claim that if the U. S. merchant marine were to handle 35% of the cargoes originating in this country, instead of the present 26%, annual revenues of subsidized lines would be increased by \$43,000,000. (Government subsidies now total about \$13,000,000 for operation of some 145 vessels.) Other subsidized steamship services shudder when they hear such talk. They are inclined to shush even the suggestion that operating subsidies, under certain circumstances, might be reduced or eliminated.

Some Cheering Results

This week, in San Francisco, the management of American President (the former Dollar Line) thought it saw indications that the "Ship American" idea had been taking hold. Analyzing latest operating results, they discovered that:

(1) Although the steamship business generally goes into the doldrums from March to June, the company's traffic (both freight and passenger) isn't showing the traditional seasonal slump; (2) the "President" liners are making heavy-revenue runs, with the *Garfield* entering New York harbor May 9 carrying the largest cargo in its history, and the *Coolidge* sailing out through the Golden Gate May 6 with a capacity load; (3) during the first quarter this year, revenues from outward-bound freight approximated those of 1928, a peak year in Dollar operations, and inbound freight receipts were only 10% under 1928.

LABOR AND MANAGEMENT

C. I. O. Turns to the South

Textile Workers Organizing Committee is dissolved, and United Textile Workers assume full authority. Hillman will "advise" them in big drive.

WITH THE COAL-MINING industry more firmly tied to unionism than ever before, through union-shop contracts which covered all but a few holdouts, the Congress of Industrial Organizations turned this week to another of its strongest sections. Ending a two-year organization period, the United Textile Workers and its "receiver," Textile Workers Organizing Committee, voted a final merger in Philadelphia, set up a constitution, and elected new officers. Thereby the "consolidation" program of C.I.O. (BW—May 6 '39, p18) moved ahead another notch. Big and strong in steel, coal, transport, electrical manufacture, and textiles, the industrial union organizers were getting into position to shrug off any amount of "disintegration" among clerks, sign painters, waffle makers—even automobile workers, if anyone had a crack to make along those lines.

Since March 9, 1937, textile-mill organization had been steered by Sidney



Francis Gorman resigned as president of the United Textile Workers last week—but not until after the ceremony in front of the statue of Samuel Gompers, on Washington's Massachusetts Ave., in which Frank Morrison, secretary of the AFL and President Green returned the AFL charter to the union.

Hillman, president of the Amalgamated Clothing Workers and a charter member of the small committee of union presidents who pulled away from American Federation of Labor policy to set up C.I.O. Hillman put A.C.W. money into the T.W.O.C.; John L. Lewis sent in funds from the United Mine Workers. In the field when T.W.O.C. got under way was a small "standstill" union—the United Textile Workers—which had lost most of its members and most of its morale after the costly and abortive textile-mill strikes of 1934.

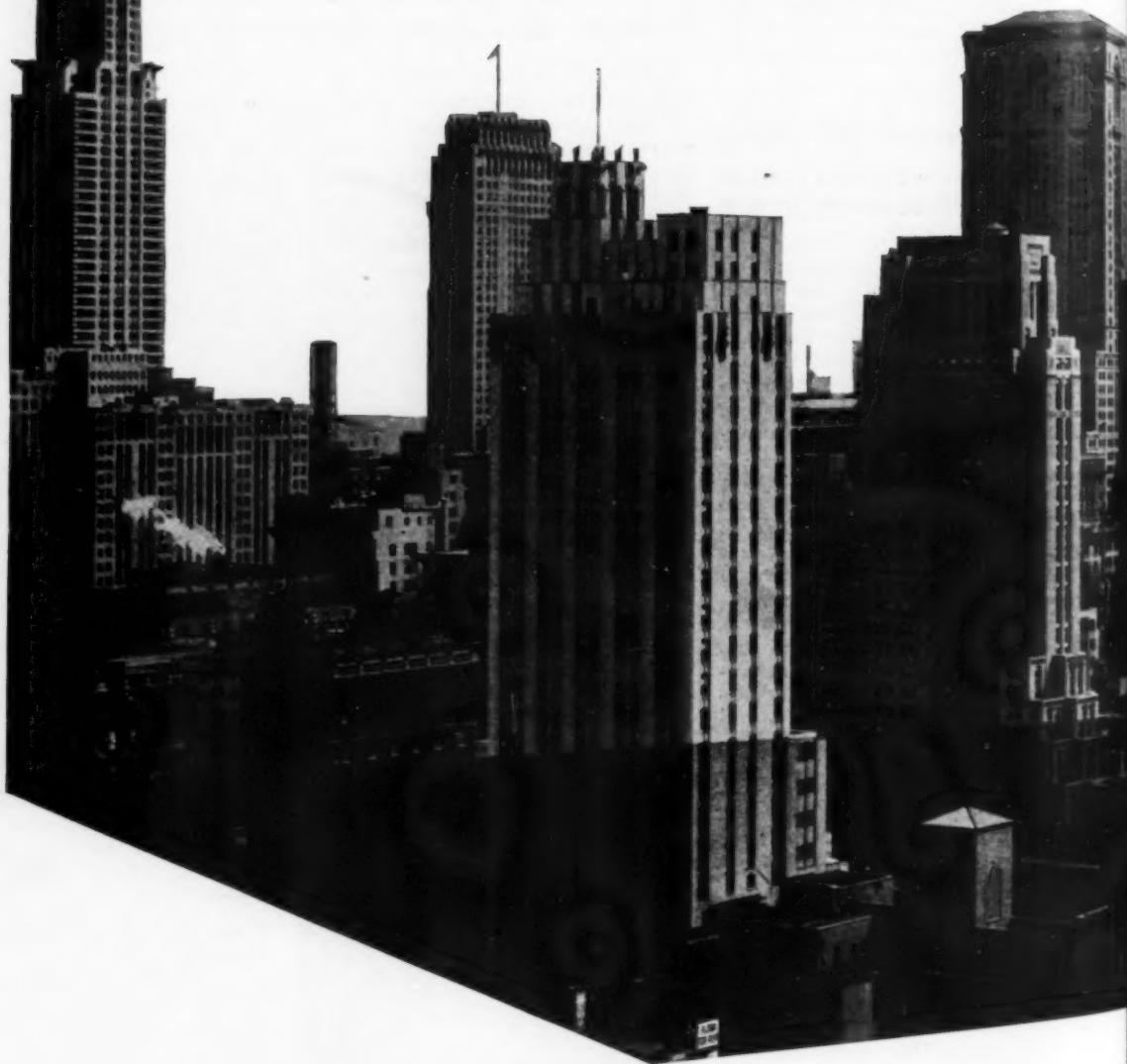
After making an agreement with U.T.W. to organize in its name, Hillman put hundreds of organizers into the field. In an interview with BUSINESS WEEK he described the course he would follow (BW—Mar 20 '37, p16) in aiming at New England first, and later the South. Almost as soon as word got around that contracts would be underwritten by Hillman and T.W.O.C. instead of Francis Gorman (leader of the strike-battered U.T.W.) and the older, more truculent union leaders, the textile campaign began to move. As early as August, 1937, Hillman won his first big victory when silk and rayon manufacturers in New York, New Jersey, and Pennsylvania formed a new employers' association and invited him to meet with them and talk contracts. Peace in that field has been unbroken since then.

Wins Elections, Contracts

T.W.O.C. concentrated on New England and the Middle West, won employee elections right and left, got contracts with giant firms like American Viscose, American Woolen, Bigelow-Sanford Carpet, and with many smaller plants. When Hillman reported to the joint T.W.O.C.-U.T.W. conventions in Philadelphia this week, he presented a list of 1,018 mills and 274,000 workers covered by his 709 agreements. As T.W.O.C. ended the receivership phase, it turned over these contracts to U.T.W., which changed its name to Textile Workers Union of America.

Meanwhile, another "United Textile Workers" has been formed, and will go into the South concurrently with Hillman's army, seeking contracts there. Some time back Gorman left the T.W.O.C. setup, announcing that he was

DON'T GIVE YOUR SELLING DOLLARS TOO MUCH



Next time you make an advertising budget, think of this—A good 40 cents in every dollar spent at retail comes from country people's pockets, and just isn't in the cities—

Yet *only some 5 per cent* of national advertising is being aimed at country customers in their own mediums!

It looks as though you're *over-selling* cities . . . as though you're going too far below the city cream, to get expensive city skimmed milk.

It looks as though you'd be smart to put some of that money in Country Gentleman . . . and add the country cream to whatever cream you're getting now.

For cream is what we give you . . . in a great, big way.

Right at our finger-tips we've got over 2,000,000 of the best families in that big and under-sold 40 per cent of your market.

Got the best of 'em on the word of hundreds of local retailers who've checked our subscription lists

against . . . Got the ch . . . ing live . . . Got backed . . . So short . . . some for yo

CITY LIFE!



me of
d the
now.
t, big

00 of
er cent

ds of
lists

against their own customer lists . . .

Got 'em interested as big-city magazines don't get the chance to interest their readers, because we're talking livelihood along with entertainment . . .

Got 'em so thoroughly under control that no idea backed by our pages has ever failed to get action.

So next time you make an advertising budget, cut short the city selling at the cream-line . . . and send some money out to get the other cream that's waiting for you here!

COUNTRY GENTLEMAN

NATIONAL SPOKESMAN FOR AGRICULTURE

suspending the U.T.W. executives who stuck with Hillman. The U.T.W. board thereupon announced that Gorman was expelled; Gorman, with a small New England following of dissident locals, made a new tieup with A.F.L. Last week in Washington the Gorman section met, accepted Gorman's resignation as president, and named a young Southerner, C. M. Cox, to lead the A.F.L. drive.

Persistency without Fireworks

On the C.I.O. side, Hillman will remain as adviser and most powerful single figure in textile unionism, although he will be freed of a good deal of the detailed work which will be taken over by Emil Rieve, his right-hand man, and other associates. Employers and labor observers who know Hillman well anticipate a Southern campaign without fireworks and without much publicity save announcement of such agreements as come after negotiations. The T.W.O.C. record during the past two years has been one of persistent penetration, and slow, careful negotiation. It was 15 months after the winning of employee elections at American Woolen's big plants before Hillman and the management polished off a contract—and during that period hard times had brought wage reductions instead of wage increases. Nor is this lag between organization and contract-signing unusual with Hillman—he prefers to make sure that he is no longer a

stranger to management, before reaching conclusions.

Two problems are evident before the textile organizations move into the South—and they confront both C.I.O. and A.F.L. First is the question of cost; during the past two years the T.W.O.C.-U.T.W. drive cost something more than \$2,000,000, and the Southern field is bigger and more scattered than New England. To some extent, the unions already have a foothold there—Hillman has picked up a couple of hundred small agreements here and there in the section—but the South still is at least 80% non-union.

The second big problem is this: With the coming of the federal wage-hour law, the Southern workers have in many places been boosted to a wage which, although small, is more than the unions previously had been able to get. With the government's arm around him, will the Southern mill worker figure he needs to pay union dues?

Civic Unity Drives

Whirlwind campaign in Ohio cities is intended to emphasize primacy of confidence.

A TRIANGULAR INDUSTRIAL area in northeastern Ohio is the testing ground for a "unity" campaign of the new American

Economic Foundation. Fred G. Clark, former Cleveland oil man who started the Crusaders in prohibition days of 1929 and later the Tax Action League, formed the foundation around the idea that methods of civic organization could be used to build up in all groups a realization of their mutual dependence, their need for tolerance, and the primacy of confidence in all industrial growth and activity.

Foci of the Movement

Massillon, Warren, Canton, Akron, Youngstown, and Cleveland, in about that order, are the cities where the foundation is undertaking its work this year. All of them are highly industrialized communities in steel, rubber, fabricating, and a variety of other trades where industrial disputes have made the national headlines several times in late years. Portions of the method have been tried by Mr. Clark in Elmira, N. Y.; Terre Haute, Ind.; and Long Beach, Calif.

With a staff of six working from the Cleveland headquarters and three organizers and speakers at local meetings, the foundation opened its first campaign in Massillon early in May. Sherman Rogers, lecturer and magazine writer; DeLoss Walker, lecturer, and Dr. Alfred P. Haake, economist on six-month leave from the National Association of Furniture Manufacturers, are the speakers. James B. Finger, advertising man recently with Calvert Distillers, Inc., is the managing director.

In Massillon (pop. 26,500) a Civic Unity Association was formed by 57 of the possible 75 organizations of all types in the city. The American Legion led off. Commercial, labor, religious, educational, veterans' and women's organizations sent delegates. Mr. Rogers spoke to two or three of these organizations daily for two weeks, explaining the purposes of the movement. A final general meeting launched the work of a string of committees. The general chairman in Massillon is Sherlock H. Evans, clerk of municipal court. "Massillon is united—let us keep it that way," Mr. Evans said in closing the last big meeting.

Labor Doesn't Hold Aloof

Represented in the meetings and on the committees are both the Massillon Congress of Industrial Organizations and the Trades and Labor Assembly (American Federation of Labor). Though the meetings had all the response the foundation could have hoped for, the real test is conceded to be the durability of the spirit aroused and its effective expression in the work of the committees on new industries, employment, construction, modernization, city planning, and so on.

The aim from here forward is to "bring back the faith that will put money to work," and thereby restore men to work in Massillon.

You Wouldn't Intentionally Handicap Skilled Hands

It is often hard to determine from cost sheets exactly how much the unseen qualities of steel affect the production of your skilled shop men. If bars do not machine uniformly, if hard spots break or dull tools, if bars are too hard for bending and forming, if alloy steel parts must be re-treated to secure desired physical properties—then up go costs, down go profits.

This is one of the reasons why Ryerson has spent years in building up stocks of better, more uniform steels—steels worthy of the Ryerson seal of Certification.

All Ryerson certified carbon steels are made to rigid specifications that assure the most desirable qualities in each particular type of steel. Ryerson certified alloys are from selected heats in which the hardening factors (analysis, grain size, etc.) are within a narrow range that assures uniform heat treatment response.

With every shipment, large or small, Ryerson sends accurate data on the chemical and physical properties of the alloy bars furnished. This added service is given without additional cost or obligation.

When you need steel—steel that responds to skilled hands and keeps production flowing smoothly—specify Ryerson Certified Steels. Stocks are complete and immediate shipment is assured.



Joseph T. Ryerson & Son, Inc. Plants at: Chicago, Milwaukee, St. Louis, Cincinnati, Detroit, Cleveland, Buffalo, Boston, Philadelphia, Jersey City.



RYERSON

Smiles in the Banks

Employees get valuable pointers from Public Relations Council of bankers' group.

THE NAMES OF Stuart Chase, Herbert Hoover, Adolf Hitler, Walter Lippmann, L. P. Ayres, Henry Wallace, and some 40 others stood side by side on a recommended book shelf this week—the shelf represented by a bibliography for a new course in public relations. Promoter of the course was the American Bankers Association, and the aim is education of bank employees in building customer good-will.

Since the turn of the year, the A.B.A. Public Relations Council has forwarded to member banks 4,500 sets of booklets, dealing with public relations, and a "Memorandum for Conference Leaders" which recommends best methods of staging group employee meetings.

The A.B.A. is not breaking new ground with the course; rather, it is continuing a policy inaugurated six years ago. In 1933, when public estimation of banks was at a low ebb, the association decided that training of employees in better handling of customer problems was an essential to the recapturing of general good will. At that time, the association published a book called *Constructive Customer Relations*, which still is used as a basis of employee conference programs in more than 6,000 banks.

Recently, more steam has been generated behind the banks' campaign to equip the employees with answers for customer questions and criticisms, and the new series of booklets is intended to encourage group analysis of such problems.

Factory News-Letter

American Rolling Mill Co. hands it out to workers as they get their wages.

FACTORY EMPLOYEES of the American Rolling Mill Co. now receive a "news letter" with each week's pay. Alongside the pay office stands a clerk who offers each man a folded single mimeographed sheet. It is devoted to giving the boys the lowdown on facts directly affecting their jobs. No safety slogans or other preaching allowed. But the publication gives its readers a liberal education in the economics of steel making, nevertheless. It is a news letter on what affects their hours and their pay. The first experiment was last year at the Middletown, O., mills. Last month the final two plants were added to this new type of plant newspaper chain.

Each letter opens with the week's steel industry operating percentage, Armco percentage, the individual plant's per-

Speed-Up



Outside of congested city areas most Western Union messengers use bicycles. Now Western Union is going in for streamlining, introducing its boys to a new vehicle known as a "Telemotor." That is Western Union's own name for these motor bikes, purchased from various manufacturers. Western Union has about 100 Telemotors in operation now, expects them to be popular with messengers. They get around faster, and so enable a messenger to increase his income and pay off the cost of his Telemotor quickly.

centage. If company or mill is below the industry, the commentator is permitted some such remark as, "The only way this can be turned around is to have our costs such that we can bid on and get the orders in a wide open market." But no pep talks.

Close-up figures give the sheet authority. The paragraphs bristle with such phrases as "95.9% delivery last week," "second-highest tonnage last week, 860 tons," "one accident last week, estimated loss to this man and his family \$150 and intense pain to the man," "new product for Ashland." There are specific suggestions to help the men, such as instructions for arranging to get this year's vacation with pay. When a customer complains of coon-skin stain on Armco sheet steel requiring an extra coat of paint to cover, that's news, not blah for the men in the responsible mill department.

To keep the news letters spontaneous and last-minute, they do not come in to Middletown for advance approval. If the plant man has been a little over-enthusiastic in editorializing or otherwise sounding off his opinions rather than mill or industry facts, anyone who knows Armco knows he will get a tactful suggestion to lay off the vanilla.

The service letter costs little, does not

conflict with the plant magazine. The management thinks it serves a definitely useful purpose that no other employee medium has yet turned up to perform. The office help at Middletown recently complained that local mill men know more than they do about what's going on, so now the general office is about to get Vol. I, No. 1. Mill men's wives in several Armco towns have been overheard discussing the latest issue's information as they leaned on the counter at the A. & P., so it is apparently getting family pass-along circulation, which the Armco management considers all to the good.

LABOR ANGLES

Worcester Plan Expanded

SIXTY INDUSTRIAL FIRMS in Worcester, Mass., that have just completed a year's sponsorship of a quietly effective "community campaign" are now planning to continue and expand their work during its second year. Object of this campaign has been to tell Worcester about the problems, aims, and the community value of its local industry. To carry its message the program has utilized newspapers, direct mail, radio, posters, lectures, plant tours, and many other forms of publicity. Active direction of the work will continue in the charge of the Committee on Business Information of the Worcester Chamber of Commerce.

Quick Justice for Visitors

THIS WEEK in New York City an emergency arbitration system was set up to expedite the settlement of commercial and civil disputes which may arise between out-of-towners and business firms during the World's Fair season. If both parties to a controversy can agree to abide by the decision of an impartial arbitrator, he will settle their case in a few hours or less—free of charge. Also, insurance companies and several bar associations have agreed to refer litigation over the adjustment of accident cases involving visitors to the tribunals, according to the American Arbitration Association.

Progress in "Forty Plus"

THOSE "FORTY PLUS" CLUBS (BW—Apr'39,p28) seem to be doing all right. A recent report from the New York City club, which was organized in January of this year, states that the club now has 22 alumni members—men who have gotten jobs. About 200 men over 40, who are unemployed now but have earned over \$4,000 a year, are active members. The club has been able to list about 50 salaried positions, not counting jobs on a commission basis, that the members have come across in interviewing possible employers.



Why Cyclone Fence Saves You Money —the Year 'Round!

THOUSANDS of plant owners rely on Cyclone to protect their valuable property. They know that "Keep Out" signs are worthless—that makeshift fence invites trouble. Either it is too risky and may prove more costly than good fence that protects every foot of property line—day and night. And more plant owners use Cyclone than any other property protection fence because they have found that the best fence is the cheapest in the long run.

Cyclone Fence is strong. It defies the toughest weathering conditions and lasts for years. Stays firm, straight and good-looking. Gates don't drag. Cyclone Fence will be erected by our factory-trained crews if you wish. Upkeep is almost negligible. Use Cyclone and put an end to your worries about protection.

FREE—Illustrated Book on Fence

All the facts you want to know about fence—for business, playground, school or home. Illustrates 14 kinds of fence. Whether you are thinking of erecting a fence now or later—a few feet or miles of it—you need this book. Just mail the coupon—today.

CYCLONE FENCE COMPANY

*General Offices: Waukegan, Ill.
Branches in Principal Cities
Standard Fence Co., Oakland,
Cal., Pacific Coast Division
United States Steel Products Co.,
New York, Export Distributors*



CYCLONE FENCE CO.
Dept. 459, Waukegan, Ill.
Please mail me, without obligation, a copy of
"Your Fence—How to Choose It—How to Use
It."

Name.....

Address.....

City..... State.....
I am interested in fencing: Industrial Property; Playground; Residence; Estate; School. Approximately..... feet.



CYCLONE FENCE

UNITED STATES STEEL

PRODUCTION

Dramatizing Beryllium

Industrial possibilities and international aspects of super-light metal are placed in the spotlight by TNEC's "infant industry" inquiry.

JUST BEFORE the Temporary National Economic Committee staged its two-day probe last week into the sensitive inwards of the comparatively youthful beryllium industry, Hugh B. Cox, special assistant to the attorney general, released a calculatedly innocuous press statement which began: "This morning the Department of Justice will present evidence with respect to the attempts which have been and are being made in this country to build up the production of beryllium and beryllium alloys." Before the two days waxed and waned, Mr. Cox had succeeded in getting into the record some 72 closely printed pages of testimony which ranged from a description of beryllium and its technical applications to a thrill-packed drama of international intrigue and undercover maneuvering for beryllium patents and manufacturing secrets which may become of paramount importance in any man's war. One participant in the Washington hearing said that the testimony "out-Oppenheimed Oppenheim."

Beryllium has fourth place in the chem-

ist's list of 92 elements, being headed only by hydrogen, helium, and lithium. Its specific gravity is about 1.8, as compared with magnesium's 1.74 and aluminum's 2.7. Since its hardness in the pure state compares with that of mild structural steel, the public got pretty excited a dozen years ago at the thought of 200-story buildings framed in beryllium. When the then price of about \$200 per pound (present price is \$15 per pound of beryllium content in various alloys) came out a little later, the public cooled down, with the result that beryllium has had little play in the newspaper feature sections—until the TNEC beryllium probe hit the wires.

"International" from Outset

Prime witness was Andrew J. Gahagan, indefatigable president of Beryllium Corp. and its manufacturing subsidiary, Beryllium Corp. of Pennsylvania, Reading, Pa. His testimony described the super-light metal, its history, its sources, its production, and application.

As the testimony brought out, beryl-



Harris & Ewing

Senator Joseph O'Mahoney, chairman of the Temporary National Economic Committee, and Andrew Gahagan, president of the Beryllium Corp., examine the crude ore and a hammer in which beryllium alloy is used, as the TNEC starts its investigation of the little-known beryllium industry.

What do these eyes look for in a McGraw-Hill Publication?

**McGraw-Hill establishes first laboratory
of editorial research in industrial publishing.
Finds out who reads what and why**

EVERY PUBLISHER wants to know how much of his magazine is actually read. How it is read. What articles are scanned, what read casually, what studied diligently.

For answers to these questions, McGraw-Hill Editors have been left largely to their own resources. Traditionally, they have spent, and still do spend most of their time in the field talking to readers. But, valuable as that is, it nevertheless is not organized and implemented research.

And so, the Division of Editorial Research of McGraw-Hill under the direction of R. O. Eastman was created in June 1938 to bring continually to each editor new facts on the readership of his publication.

This Division of Editorial Research now has a corps of research technicians in the field, located at strategic industrial points and cross-examining readers of every McGraw-Hill publication. They enlist the cooperation of the reader to the extent of completely reconstructing his reading of each issue. They find out not merely what is read, item by item, but how it is read, why it is read and what the reader gets out of it.

Now the McGraw-Hill editor knows precisely how his editorial product is being con-

sumented — captions, text, pictures. He knows promptly just how well each feature gets across. He knows his errors of omission and commission.

Now every McGraw-Hill editor can experiment safely because he has a scientific check on results. Stimulated by facts, fortified by knowing, his new knowledge further broadens his horizon and opens new vistas of the editorial service he can render.

Every report from this Division is issued with this specific restriction:

"Reports of the Division of Editorial Research are solely for the guidance of McGraw-Hill Editors and Publishers."

In other words, this research is not for sales promotion. It is an editorial laboratory where the McGraw-Hill "Product" is tested—where weaknesses are detected and improvements discovered. As a result of this research, every McGraw-Hill Publication has made some editorial change — some change to serve the reader better — to intensify further the reader interest.

The implication to the advertiser, we think, is this: That the productiveness of any advertising medium can only be in proportion to the sustained service it renders to its readers.



R. O. Eastman, long the director of his own research service, is directing head of McGraw-Hill's editorial laboratory.



Editorial Enterprise McGRAW-HILL PUBLICATIONS

McGraw-Hill Publishing Co., Inc., 330 W. 42nd St., N.Y.C.

American Machinist
Aviation
Bus Transportation
Business Week
Chemical & Metallurgical
Engineering
Coal Age
Construction Methods &
Equipment

Electrical Contracting
Electrical Merchandising
Electrical West
Electrical World
Electronics
Engineering & Mining Journal
E.I.M.J. Markets
Factory Management and
Maintenance

Engineering News-Record
Food Industries
Mill Supplies
Power
Product Engineering
Radio Retailing
Textile World
Transit Journal
Wholesaler's Salesman

lum has been "international" from the beginning. In 1797 a Frenchman discovered it in emeralds, aquamarines, beryls, and the fairly plentiful ores containing them. Germans took up the work in 1824 and kept the metal very much their own until Beryllium Corp. went into operation in the United States in 1929, and Brush Beryllium Co., Cleveland, got going in 1931 under the aegis of its president, Dr. Charles B. Sawyer, who is also chairman of Brush Laboratories Co.

Somehow or other, Mr. Gahagan did not become acutely aware of the work which Germany's gigantic Siemens & Halske A.G. had been doing in the cranky job of extracting the metal and combining it with copper and nickel and other less rare metals, until his company had gotten deep into the same problems and had bumped into various American patents held by Siemens & Halske which cramped his style.

They Make a Deal—

For several years, Mr. Gahagan tried by correspondence to make contact with Siemens & Halske. That failing, he sailed for Europe and returned with a patent-exchange agreement wherein the world was to be divided between Beryllium Corp., which was to have full right to produce, exploit, and sublicense beryllium production and application in the two Americas, and S. & H., which, through its subsidiaries, would have the rest of the world for its oyster.

All was apparently serene patent-wise until last year, when a mysterious Mr. Jameson of England communicated the fact to Mr. Gahagan that he was a stockholder in Beryllium Corp., and passed along a virtual command that Mr. Gahagan look him up in London. Mr. Gahagan did, and discovered the mystery man to be no less a person than chairman of the board of the farflung Vickers Co., and a director of the Bank of England. Mr. Jameson was "very interested in beryllium" because he considered that it would probably be a most important metal from a military point of view in the next world war. "We are entirely dependent upon the Malay Straits and Bolivia for tin for the manufacture of bronze. The Malay Straits might be cut off. The few tin mines in Bolivia might be blown up and beryllium copper would be the only thing we could use for certain purposes. . . . I wanted to become one of your stockholders to follow your development." Mr. Jameson refused to have England in any way dependent upon Germany for beryllium and its alloys.

—But It Has to Be Modified

As reported to TNEC, the upshot was that agents of Mr. Jameson and his company used the devious processes of diplomacy to cram through a modification of Beryllium Corp.'s contract with Siemens & Halske, whereby England could

Globe-Wernicke Into the Building Field



The Globe-Wernicke Co., Cincinnati, which has long been a leading manufacturer of office supplies and equipment, as well as of commercial and industrial partitions, is branching out into the steel building field—making standard prefabricated units for commercial and industrial use, such as service stations (above).

secure its beryllium supplies from the American company.

The TNEC probe dipped into the pricing policies of American Brass Co., Waterbury, Conn., and its smaller competitor, Riverside Metal Co., Riverside, N. J. (the only two companies as yet in commercial production of beryllium-copper rod, wire, tubes, sheet, and strip), and prodded into the competitive practices of Beryllium Corp. and Brush Beryllium Co., the only two American producers of beryllium "master alloy." (Master alloy is a 2-4% beryllium copper for addition to other copper.) Close reading of the verbatim testimony reveals a group of situations and a long chain of maneuverings characteristic of "infant industry." Operations to date have been costly; profits must wait for the future.

How Beryllium Is Employed

Many years will probably elapse before appreciable quantities of beryllium will be utilized in the pure state. The importance of beryllium lies in what small quantities of it (1%, 1%, and 2%) will do toward enhancing the physical properties of copper and nickel. Though the Egyptians probably used something else to achieve their fabled tempered copper, their secret is in a sense rediscovered in the ability of 2% or less of beryllium to make copper heat-treatable. In its heat-treated condition, the copper-beryllium alloy will achieve a tensile strength of over 175,000 lb. per sq. in. Nickel, similarly alloyed with 2% beryllium and heat-treated, will produce ten-

lunch rooms, wash and locker rooms for industrial plants. The units can be arranged to meet individual requirements; moreover, since all of the parts can be removed and reassembled, almost 100% salvage is possible. The buildings are being sold through a special new Globe-Wernicke sales division.

sile strengths in excess of 250,000 lb.

Applications of beryllium alloys already run almost the whole gamut of the metal-working industry. Airplane engines in Germany have valve springs made of beryllium-nickel. American aircraft instruments have fatigue-proof beryllium-copper springs and diaphragms. American business machines use beryllium-bronzes both for fatigue-resistance and corrosion-resistance. Workers in explosion-prone atmospheres in the chemical industries like beryllium-copper tools because of their almost complete freedom from sparking. Electrical engineers design beryllium into various complicated electrical assemblies because the element gives certain new and valuable electrical characteristics to copper.

Coincident with the beryllium probe in Washington, the Beryllium Corp. of Pennsylvania announces that it is supplementing its production of beryllium master alloy with the production of rod, wire and strip.

Money in Olive Oil

Two brothers see chance. Build refinery that may nearly double California production.

OUT NEAR the San Fernando olive groves there is a new refinery which may come close to doubling California's yearly output of olive oil. Three years ago the two Passarelli brothers, anthracite coal operators from Scranton, Pa., were gumshoeing around California looking for a



WILLIS H. CARRIER

Announces

NEW SELF-CONTAINED AIR CONDITIONERS

Now in 9 Sizes

ROM the Carrier Igloo of the New York World's Fair, Willis H. Carrier, founder of air conditioning, brings you the biggest air conditioning news in years! No longer need you "pass up" the profits of true air conditioning! No longer need you lose summer business to your competitor who has air conditioning—or suffer from hot weather inefficiency.

Now, for the first time, Carrier Air Conditioning is available for every store and office—regardless of size! And now these new 1939 Carrier Air Conditioners are priced within everyone's reach! Carrier Air Conditioners enable you to select the one size best suited to your needs. A variety of styles enables you to locate your Carrier Air Conditioner in your store . . . in closet space, in the basement . . . wherever you prefer!

NEW FEATURES assure greater value than ever before. Greater cooling capacity, for example, because your Carrier Air Conditioner is factory-tested, certified in performance, before it reaches your floor. Greater economy, because Carrier "sub-cooling" cuts power consumption to a new low.

ACT NOW! See the 1939 Carrier self-contained Air Conditioners at your local Carrier dealer today. Learn how you can get the benefits of the same Carrier Air Conditioning so famous at the New York World's Fair . . . at Macy's, the U. S. Capitol, and throughout 99 countries of the world—and with low cost and dependability!



Carrier Igloo of Tomorrow
1939 New York World's Fair

CARRIER CORPORATION, Syracuse, N. Y., Desk 203

"Weather Makers to the World"
In Canada—Box 1050, Station C, Toronto

Without obligation of any kind, send me complete information on the new Carrier self-contained Air Conditioners for store; office.

Name _____

Address _____

City _____ State _____



"THE SPIRIT OF ST. LOUIS" had crossed the Mississippi hours before and the Pennsylvania's steel rails sang as the streamlined Pullmans flew past the fertile farms of Illinois and Indiana.

But Albert McLeod was in no mood to enjoy the beauties of Nature. He sat glumly in the Club Car, meditating sadly on the ways of motor truck buyers. He'd needed that order for nineteen 7½-ton dumpers to make his quota for the year, and losing the order hurt his pride as much as his pocketbook.

"Are you Mr. Albert McLeod?" The white-coated porter was holding a small silver tray.

"Why—why, yes!"

"Telegram for you, sir."

That was queer, he thought! No one knew he was on this train—he hadn't even notified his office that he was returning from St. Louis. Yet, here was the wire. He read the inscription wonderingly: Mr. Albert McLeod, Section 8, Car 309, Train No. 30, due 5:50 P. M., Richmond, Indiana.

The telegram, hastily torn open, ordered him to proceed at once to Cleveland. A large fleet of trucks was about to be purchased—and his firm wanted that order!

"Now how did they know where to reach me?" he wondered.

* Taken from Statler Service Records

Stay
HOTELS STATLER
"Where the guest is always right"

BOSTON \$3.50 • BUFFALO \$3.00 • CLEVELAND \$3.00

DETROIT \$3.00 • ST. LOUIS \$2.50

HOTEL PENNSYLVANIA (\$3.50) NEW YORK • STATLER OPERATED

We learned later that Albert McLeod got the order and we were glad that we'd been able to help. Because, you see, we were responsible for the telegram. After he'd checked out of our St. Louis hotel, an airmail, special delivery letter had arrived. We checked his registration, saw from the envelope that the letter was from his firm and quickly concluded that it must be important. Further, we found that the porter had secured the reservation on "The Spirit of St. Louis." A telegram giving the section, car and train numbers was sent to his firm. They did the rest.

Of course, things like that don't happen every day. But our habit of trying to be helpful, of anticipating a guest's wants finds expression in countless other ways. Statler Research, for example.

For 25 years, Statler Research Executives have been asking travellers what they want in hotel service. That's how Certified Lighting in every Statler guestroom started. That's how sterilized toilet seats, Servitors, dual channel radios and a host of other improvements in hotel service which Statler inaugurated, had their beginning.

Yes, it pays to stay at a hotel that really gives service—experienced travellers know that.

That's why they—

"business opportunity." When they discovered that 12,000,000 gal. of olive oil are imported into the United States each year and that California produces a mere 300,000 to 500,000 gal. a year, their minds were made up.

They founded the Supreme Olive Oil Corp. and purchased an oil mill. They built the refinery, which has a daily capacity of 1,500 gal., a laboratory, and an experimental building. They had to send to France for some of their equipment and imported a European refinery superintendent. As a result, they have one of the first completely equipped, modern plants in the United States and are out to compete with the best European oil by creating a medicinal market for a cold-pressed, super-refined product.

Sardine Packers Interested

They are also bringing on the market a second-press, full-flavored oil for general household use. This product interests the sardine canners. The Hooden Food Products Corp., of Monterey, Calif., is almost the only American firm now packing sardines in olive oil and competing on a price basis with the Norwegian and Portuguese olive-oil-packed sardines. Informed observers feel that if a production program for "reasonably priced" wholesale olive oil could get off first base, California packers could discontinue using cottonseed oil and could eventually wrest the western retail market away from the importers.

Meanwhile the Passarelli brothers' Supreme Corp. is solving what it believes has been the chief merchandising hindrance to California oil, the lack of standard quality. A 140,000 gal. storage space enables the company to carry reserves for correcting oils which vary from the established standard and, during production, 23 tests are run on purity, flavor, and adherence to specifications.

Chic Cotton Hosiery

Department of Agriculture develops stylish designs and will test them on legs.

WASHINGTON (Business Week Bureau)—Long and lugubriously has the cotton industry bemoaned the fact that per capita consumption of cotton hosiery has been sliced almost in half since 1919, while that of silk hosiery has zoomed from 3/10 of a pair to almost 4 pairs. The chief slump was in women's hosiery, where cotton accounted for less than 5% of total volume in 1937 as against 72% in 1919, while silk rocketed from less than 4% to 86%.

Not unaware of these facts and figures, Congress handed the Department of Agriculture \$30,000 for the 1938-1939 fiscal year to see what could be done about developing a line of cotton hosiery acceptable to U. S. women, recently re-

Inner Glow

The latest thing in dummies turns up in the window displays at Bonwit Teller's Fifth Ave. store—a mannequin with a starched lace body, lit from inside by lumiline lamps.

I renewed the grant for the coming fiscal year. Result is a score of different designs for cotton hosiery that have been worked up by the department on its own machines. All the designs are full-fashioned, because the department acknowledges that one reason for cotton's black eye has been the quantity of baggy, circular knit stockings on the market.

Moreover, the cotton hosiery designs are all made on machines that have been used for the manufacture of silk stockings. The novelty designs are expected to retail for 69¢ to \$1, the plain styles or around two for \$1.

Serviceability and Style

Ranging from 60/2 to 160/2 ply, the line is calculated to show how attractive cotton stockings can be in eye appeal. High style notes include designs with lace heels and toes, ombre (shaded) effects, all-over patterns.

Though the department features the currently popular neutral shades, one of its particular boasts is the suitability of its white stockings for hospital wear. They won't turn cream-colored when washed, as white silk stockings are very prone to do. First serviceability tests will be launched in the Garfield Hospital, Washington. There are tentative plans for other tests through such government agencies as Farm Security Administration. Once it is satisfied with results, it will make these designs (and others still in the works) available to the hosiery industry. Meantime the stocking manufacturers will keep a wary eye on the department's experiments, apprehensive that popular demand for cotton stockings that outwear silk would cut volume.



How to bridge the years to your objectives

BEFORE A BRIDGE IS BUILT, the engineer analyzes the selected location—the loads to be carried—anticipates future requirements—then puts it all in blueprint form. Result: a structure that functions as planned.



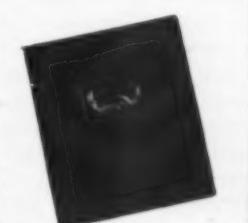
YOU AND THE GUARDIAN GRAPH-ESTATE COUNSELOR, sitting down together with the Graph-Estate, can analyze your present situation—your desires for the future. Then with "what you have" and "what you want" charted on the Graph-Estate, you can lay out a plan that will bridge the years to your objectives.

MANY PEOPLE have been enthusiastically appreciative of the clear analysis of their life insurance which they have found in the Graph-Estate.

There is nothing mysterious about it.

You set down the facts on a simple chart. Then, logically, comprehensively, with the Guardian Graph-Estate Counselor, you follow a line of graphic reasoning that shows you what the insurance you now own can do. And it shows you how to fulfill your hopes for those you love, as well as how to provide an income for your retirement years.

Call in a Guardian Counselor—now! See how easy it is to get the most out of life insurance—the Graph-Estate way.



The GRAPH-ESTATE
is an exclusive
Guardian development.
It will help you to,
really understand
life insurance!

THE GUARDIAN LIFE

INSURANCE COMPANY OF AMERICA

NEW YORK CITY

A MUTUAL COMPANY • ESTABLISHED 1860

GUARDIAN OF AMERICAN FAMILIES FOR 79 YEARS



DESIGN IT WITH DUREZ

*...and write your
own ticket!*

The new Miami register, with sturdy, lustrous housing of molded Durez, strikes a new note of smartness and efficiency at the point of sale that tells customers "this business is on its toes."

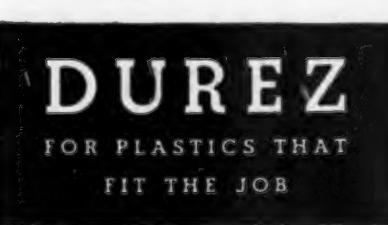


When things so far apart in resemblance and purpose as a sales slip register and a rayon yarn spinning reel can be made (and made better!) with Durez phenolic plastics, you can readily understand why we urge: "Choose Durez for your product or package design—and write your own ticket!"

We mean that—literally as well as figuratively! The cases where Durez has boosted sales or saved expense by improving appearance, adding strength, increasing efficiency, simplifying production are legion. The design opportunities of this modern material are unlimited.

If you are looking for a better way to create a new product or re-style an established one, you owe it to yourself to explore the possibilities of Durez phenolic plastics. Our information and experience is at your command. Write General Plastics, Inc., 85 Walck Road, North Tonawanda, N. Y.

DUREZ
FOR PLASTICS THAT
FIT THE JOB



NEW PRODUCTS

"W. P. A. Shovel"

BY COMBINING a standard No. 2 coal shovel with a folding seat, the Alphabetical Shovel Co., Mt. Vernon, Ill.,



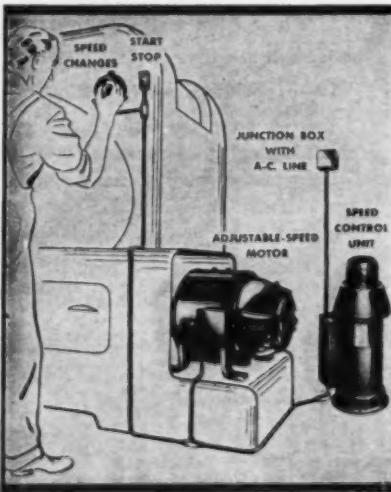
achieves the versatile, sit-or-work We Please All Alphabetical Shovel. What's more, it is selling quite a number of them for more or less serious purposes.

Air Conditioning System

IN THE NEW Cond-Atmos System of winter air conditioning, the Cond-Atmos Corp., 250 W. 54th St., New York, achieves circulation and efficiency by installing the heating radiator behind a grille on one side of each room and piping return air between the floor beams from a grille on the other side. System includes filters, humidifiers, and blowers which are all fully concealed.

Motor Speed Control

FOR MANY YEARS, heavy industry has made use of direct current motors to achieve variable speeds in large rolling



mills, paper-making machines, high-speed elevators, etc. Light industry used other means for securing variable speeds because most plants are wired for alternating current. Now comes Reliance Electric & Engineering Co., Cleveland, with its new Reliance V*S Drive, a packaged

control set combining all of the conversion and starting units for hooking a small (1 hp. and up) d.c. motor to an a.c. line and varying its speed over a range of 12 to 1.

Package Tying Machine

DESCRIBED AS A "humanized tying machine" by its makers, Felins Tying Machine Co., 2950 N. 14th St., Milwaukee, the Felins Pak Tyer is equipped with a



patented string arrester which holds the twine securely as it encircles the package, after the manner of the human hand, to make a firm tie and yet to avoid twine breakage; 25 to 35 packages can be tied in a minute.

Desk Phone Directory

SLIDEX, an unobtrusive repository for frequently called phone numbers, is produced by the C. T. Mudge Co., 139 S. E. Morrison St., Portland, Ore. Its



frame, finished in statuary bronze, sits on the slide of an ordinary office desk. A transparent Plastacel cover fits over a printed form which contains space for 40 names and telephone numbers.

Ozalid Foil

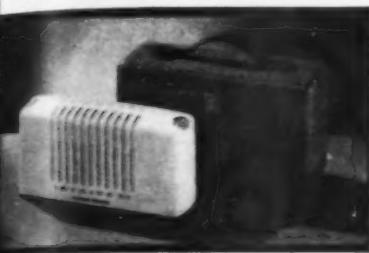
WHEN ENGINEERING TRACINGS become worn and illegible, or when their lines are too faint for clear reproduction, or when a duplicate tracing is desired, make a contact print on Ozalid Light Sensitized Foil. Prints made subsequently from the Foil will be clearer

20, 1939

than those made from the original tracing. Ozalid Corp., 354 Fourth Ave., New York, makes the material out of transparent cellulose acetate for use in its dry development machines.

Midget Radio

NEWEST PORTABLE RADIO of the Stewart-Warner Co., Chicago, Ill., is the Air Pal. It weighs $3\frac{1}{4}$ lb., is a little longer than a



pocket pencil, was designed by Barnes & Reinecke, Chicago, Ill. The ivory plastic cabinet includes recessed coral-colored dials and a built-in antenna. The carrying case has special space in which the plug-in wire will fit.

Odor Adsorber

BUILT TO REMOVE obnoxious oil and fermentation odors from a compressed air line, the Dorex Pipe Line Adsorber developed by the W. B. Connor Engineering Corp., 114 East 32nd St., New York, will also remove odors which cannot be stopped by the usual condensers, separators, or aftercoolers. Activated coconut-shell carbon does the job.

Aluminum Carboy

FOR MANY YEARS the chemical industry's 13-gal. carboys have been made of glass and have required wooden protective crates. Now the Aluminum Co. of Amer-



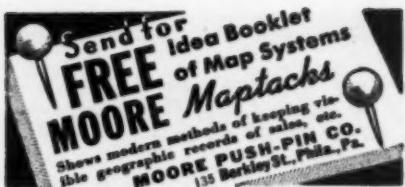
ica, Pittsburgh, Pa., offers an aluminum container which needs no protective frame, weighs 16 lb., against the glass-and-wood weight of 65 lb. Also, the expense for repairing crates and replacing broken glass bottles is saved. Fitted with a flat-top, screw cap and folding handles, the metal carboy is easily handled. It is not harmed by spillage or overflow.

Get a FREE Noise Survey of Your Office. Call Your Celotex Acoustical Distributor Now. He's listed in your phone book, or address The Celotex Corporation, Chicago.

PAINTABLE PERMANENT
ACOUSTI-CELOTEX
TRADE MARK REGISTERED
OTHER CELOTEX ACOUSTICAL PRODUCTS:
CALICEL CALISTONE ABSORBEX VIBRAFRAM

The word Acousti-Celotex is a brand name identifying a product marketed by The Celotex Corporation





Reduce "WASHROOM INFECTION"
 Install **A.P.W.**
Onliwon Towels and Tissue
 Write A. P. W. Service, Albany, N. Y.

BUSINESS WEEK

Five dollars per year
 Three years, ten dollars

MARKETING

Non-Drug Stores Win

Court quashes California Pharmacy Board's effort to stop sale of proprietaries.

ATTEMPTS OF THE California Pharmacy Board to sweep from counters of variety stores such preparations as toothpastes and mouth antiseptics took a body blow last week when the Appellate Department of the Los Angeles County Superior Court reversed conviction of N. C. Heron, charged with selling eucalyptus oil without a pharmacist's license.

The board has instigated a series of actions against non-drug stores during the last year based on its interpretation of the state pharmacy law which prevents drug preparations (except proprietaries) from sale by anyone but licensed

pharmacists (see *BW*—Feb 25 '33, p 35).

In absence of any legal definition of the term "proprietary," and as a result of the board's dictum that the burden of proof as to whether a product is a proprietary rests with retailers, there has been much confusion among all elements of the trade.

Last week's decision clears the air considerably by declaring that when a manufacturer prepares a remedy and places his name and trade mark on the package, the remedy automatically becomes a proprietary and need not even be patented.

Explaining "Proprietary"

Music to the ears of manufacturers and non-drug store retailers was the court's statement that the term "proprietary" has a general, not a technical meaning; that a medicine is a proprietary "if it has a trade name and is offered by the manufacturer as his product and is put up in a distinctive container with express or implied claims of special virtue because of formula or care in preparation."

The court also modified a previous ruling covering People vs. McClain involving sale of aspirin and took judicial notice of the Woolworth case in which it was held Pepsodent could be sold only by a licensed pharmacist.

The action further strengthens a recent decision of Superior Judge Charles E. Haas enjoining the Board of Pharmacy from interfering with Payson Marsh's sale of a milk of magnesia product. It tends to establish a line of judicial precedent which observers believe will go far toward ending the board's campaign

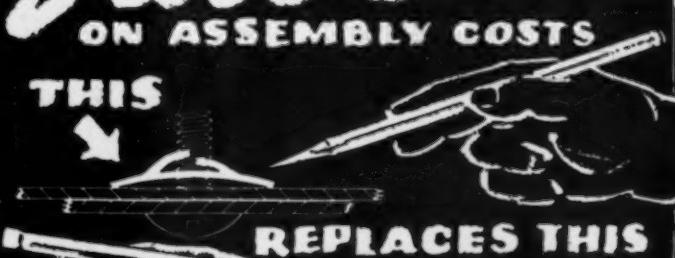
Raisins' Rail Rates

Sun-Maid Growers ask stopping-in-transit privilege, to expand their market.

RAISIN GROWERS in California's irrigated and fertile San Joaquin Valley are anxiously awaiting favorable action on an appeal by the Sun-Maid Growers Association for stopping-in-transit privilege from the Santa Fe, Southern Pacific, and Western Pacific railroads which they hope will increase sales of their product. The request has been filed with the Transcontinental Freight Bureau.

Heretofore, railroads have said that they will stop in transit for unloading nothing less than a full 60,000 lb. car load of raisins, although other edibles enjoy stopping-in-transit privileges that give them a competitive edge. Since small markets cannot readily absorb a full car

Lesson in Economy
How to Save 50%
ON ASSEMBLY COSTS

THIS 

REPLACES THIS 

WITH THE **Speed Nut System**

SPEED NUTS are manufactured from high carbon spring steel and heat treated to provide positive holding power for the life of the product. Made for most standard sizes of machine screws, stove bolts, metal screws, metal rivets and plastic studs. Many special shapes and sizes also developed for mass production products. Write for samples today, stating sizes desired and nature of application.

SPEED NUT DIVISION
TINNEMAN STOVE & RANGE CO
 2047 FULTON ROAD, CLEVELAND, OHIO

load of raisins, Sun-Maid has been able to ship directly to only 25% of the 1,013 cities in its rail distribution area.

A poor alternative for the growers is to ship raisins as part of a load of mixed dried fruit on which stopping-in-transit privileges are allowed. This is difficult because growers must have simultaneous orders from the same city for more than one product.

The present expensive practice is to send a carload to a large eastern city, then relay small lots westward by truck.

For Revenues and Markets

Sun-Maid points to the highest per capita raisin consumption in Utah, a state where partial unloading is allowed. In other regions, brokers won't push raisins, because of high transportation costs and inability to fill small orders.

Railroads now charge \$6.63 for every stop for partial unloading of a car. Extension of the stopping-in-transit privileges to raisins hinges on whether the railroads think they can make money from short haulage. Sun-Maid contends that the privilege will increase the revenue of freight-hungry lines.

Times have been hard for the San Joaquin Valley raisin growers because of the curtailed export market. Shipments abroad, particularly to Germany, dropped off sharply after 1929, have recovered only slowly since then. Domestic consumption has been fairly stable, but the growers' only hope of getting back to '29 levels seems to lie in an expansion of domestic demand. Stopping-in-transit privileges will, they are sure, accomplish that end.

Settle Shirt War

Celanese and Trubenizing end "fused collar" patent suit and divide world market.

LAST WEEK there was a quiet announcement that Celanese Corp. of America and Trubenizing Process Corp. had settled a four-year litigation over fused collar patents. The case had already been decided in favor of Celanese (BW—Sept. 23, 1938, p.43) by a two-to-one vote of the Federal Circuit Court of Appeals. Trubenizing's only remaining appeal was to the Supreme Court.

Fused collars are the wrinkle-proof and non-wilting devices invented for shirts in 1935 after years of experimentation. Earlier devices were attached collars with celluloid inserts to hold the shape. Others had heavy, uncomfortable, clamp-like fittings.

Early in 1935 Trubenizing began to market its collar with a special acetate interlining, melted into the cotton layers of the fabric by great heat and pressure. Celanese Corp. took out a patent for another "fused starchless collar" invented by its president, Dr. Camille Dreyfus.

Just any fire extinguisher isn't good enough for that carefully managed plant of yours. You want the fastest, surest extinguisher money can buy. These days industry isn't trifling with fire.

Operations are safer with LUX fire protection, for Lux uses the fastest known extinguishing agent, carbon dioxide snow-and-gas. Production schedules run more smoothly after a Lux-extinguished fire, because Lux gas is clean, dry. And you waste no time in messy clean-ups.

Brutal to Fire

Though Lux is brutal to fire it is harmless to men, materials, equipment. Lux harms nothing but fire.

For fast-moving, efficient protection against fire install Lux portable extinguishers, or Lux Built-in Systems for acute hazards.

The coupon below will bring you interesting facts about industry's finest fire protection. The story of Lux has a meaning to you. Mail the coupon right now.



Walter Kidde & Company
524 West Street

Bloomfield, N. J.
Send me information about Lux fire protection for industrial plants.

Name

Company

Address



The TNEC hears from the housewife. Mrs. Alice Beletser of Chicago says the ads tell her how "smart" a dress is, but she wants to know what it's made of, and how it will wear.

Both concerns issued licenses for its manufacture.

Trubenizing decided to test the validity of its patent by instituting suit against a manufacturer of fused collars licensed by Celanese. Last Aug. 23, two judges of the Circuit Court of Appeals held the Dreyfus patent valid. One other judge, Learned Hand, dissented sharply, saying that the facts showed Dr. Benjamin Leibowitz of Trubenizing the inventor. Meanwhile, both corporations had spent a million dollars to put their product across, and a lot of extra money on the court battle.

Last week they decided that the eventual outcome of the suit was too uncertain to incur further expense. Their agreement conceded exclusive licensing privileges in the United States to Celanese. Foreign manufacturers of fused collars will be licensed by Trubenizing. Settlements have already been made with Canadian Celanese, Ltd., and British Celanese, Ltd.

Celanese Cuts Royalty Rates

Haberdashers, department stores, and manufacturers have advertised the "non-wilting" collar, but prudently refrained from saying which process was used. All such manufacturers have been licensed by either one or the other corporation, and some by both, just to be on the safe side.

Although hand-to-mouth buying has been the result, sales have gone up steadily. One-third of the 12,000,000 dozen "dress" shirts sold last year carried the fused collar. With the situation cleared up, Celanese expects to push the product more, and in anticipation has reduced royalty rates to a graduated scale ranging from 10¢ to 7½¢ a dozen.

Mrs. Paul Roller of Berwyn, Md., argues that the consumer can't govern her purchases by price: a 16-ounce loaf of bread, she says, sells for 9¢; an 18-ounce loaf sells for 12¢.

Dr. Ruth Ayres of New York sets up before the committee 21 different sized cans of tomato juice to show why the housewife needs standardized can sizes, and quality grade

What Consumers Told TNEC

Hearing provides business with check-list of "consumer movement" complaints against advertising, price, quality standards, brand confusion, instalment practices, resale price maintenance.

LAST WEEK the consumer had his day before the Temporary National Economic Committee and the endless TNEC transcript now carries an official record of the war-cries of the "consumer movement" (BW—Apr 22 '39, p 39).

Donald Montgomery, Consumer's Counsel of the Agricultural Adjustment Administration, put on the show—and it was one of the most dramatic and most controversial that TNEC has seen. Four housewives, a manufacturer of tooth paste, a purchasing agent, and the publications director of Consumers Union joined a Sears, Roebuck executive in indicting misleading advertising and in demanding government standards. By and large, the show clicked with the monopoly investigating committee; witnesses found a particularly sympathetic audience in the government economists Isador Lubin and Leon Henderson.

Advertising had its champion in Sen. Jeremiah T. O'Mahoney, TNEC chairman, who on one occasion accused Montgomery of putting Jerome W. Ephraim on the stand for the sole purpose of attacking "a legitimate business." Ephraim, a manufacturer of tooth paste, had stated that only one of ten leading brands that control 90% of the toothpaste market was certified by the American Dental Association, and that their present position

was not due to merit, but to advertising expenditures.

Criticisms of advertising and price, an index of quality were brought up by Dexter Masters, Consumers Union representative. Typical charges: that the differential between Grade A and Grade B milk in one large market gives the consumer an extra teaspoonful of butter, the equivalent of \$80 a pound; that one vacuum cleaner selling for \$80 removes in a three and one-half minute test 80% of a dirt spot, while one retailing for \$20 removed 72%; that ingredients used in lipstick cost the manufacturer about 8¢ a pound and, at \$1 per lipstick, are sold to the consumer at \$448 a pound.

Grades, Sizes Scrutinized

Charts from a Department of Agriculture test were introduced to show that upon no occasion did any 10 samples of each of 30 leading brands of canned fruits and vegetables turn out to be the same grade; that of two towels of the same brand priced at 59¢ and 79¢, the less expensive one had the higher thread count.

Need for container size standards was introduced by Dr. Ruth Ayres, economist active in consumer work. Her demonstration piece for the committee's consideration was a display of 21 different-sized cans of tomato juice which ranged in price from 3½¢ to 7½¢ for

unces—highly confusing to the consumer seeking the best buy, said Dr. Ayres.

Brand names came up for attack in the testimony of Mrs. Paul S. Roller of the American Association of University Women. Some of her points: that German silver is an alloy containing no silver; that Philippine mahogany is not mahogany by definition of the Federal Trade Commission; that French linen either comes from France nor is it linen.

As examples of advertising's confusing multiplicity of brand trade terms, Mrs. Roller chose textile finishes, listing "bellanizing, martinizing, sanforizing, suping, duralizing, tebilizing, sheltonizing, vitalizing, warconizing, salinsizing, aqua-ze, and slipnaught."

NEC Gets Instalment Data

Discussion of instalment sales practices by Dr. Ayres got special attention from the committee which showed keen interest in charts taken from a survey by the Massachusetts Committee on Consumer Credit to show that reputable retailers in that state advertised carrying charges of 6%, but that in 106 selected cases 60% of the buyers paid over 9% on unpaid balances and 40% paid over 18%.

Effects of resale price maintenance on prices to consumers were criticized, but in the absence of statistical data on the operating results of the Miller-Tydings bill the committee was asked to conduct its own investigation. Dr. Ayres quoted from trade journals to make the point that a pressure campaign on legislators was conducted for the bill by the National Association of Retail Druggists.

Five specific recommendations to the committee were: (1) that quality be accurately described in advertising; (2)

that the government standardize containers; (3) that the committee investigate resale price maintenance and its effects; (4) that it investigate agencies certifying quality; (5) that the government establish a central agency of consumer services.

Next chance consumers get to express their viewpoint will be June 5 and 6 in Buffalo when the National Association of Better Business Bureaus holds its conference on business-consumer relations in advertising and selling. Specific attention will be given to labeling and standards.

Little Man's Home

Architects' institute sponsors plan that reduces building costs.

WHEN BILL JONES MARRIES and goes to his local dealer, architect, or loan agency to ask about building a house with his savings of \$3,000 he may be told, "If you follow the Home Building Service Plan you can get about \$1,000 more value in your house for the same carrying charges." This new plan is sponsored by the American Institute of Architects and Producers Council, with field agents

Chooses the new desk Ediphone



HARRY ARTHUR HOPF, Management Engineer

Senior Partner of H. A. Hopf & Company, New York, and President of the Hopf Institute of Management, Ossining, N. Y.

THOMAS A. EDISON, INC. is proud to announce the personal selection by Harry Arthur Hopf of its new desk Ediphone. Mr. Hopf, who in 1938 received the Gold Medal of the International Committee of Scientific Management, enjoys world-wide recognition as a leading figure in management engineering.

Mr. Hopf has spent more than 25 years solving the business problems of several hundred companies, including many industrial leaders. He has served as an officer in no less than six management societies. Through his lectures at great universities, his textbooks, and his writings in the most authoritative management journals, he has guided the management methods of hun-

dreds of important executives. His personal selection of the Ediphone is, therefore, important because it comes after years of study of the best methods in executive effectiveness.

"To keep an executive on top of his work instead of his work on top of him," says Mr. Hopf, "is a great goal of business." He uses the Ediphone because it enables him to clear his desk of "unfinished business" at his own convenience with a minimum of effort. Mr. Hopf is one of many thousands of business executives who find that their work is easier with the Ediphone.

For information, without obligation, phone the Ediphone (your city) or write Dept. B5, Thomas A. Edison, Inc., W. Orange, N.J. In Canada, Thomas A. Edison of Canada, Ltd., 610 Bay St., Toronto.

SAY IT TO THE

Ediphone
EDISON VOICEWRITER

285,000 DEATH CLAIMS PAID

That's a normal year's total for our company. Some day your family may need life insurance dollars.

Let us help you plan ahead now



THE PRUDENTIAL
INSURANCE COMPANY
OF AMERICA

Home Office: NEWARK, N. J.

ADVERTISING PLAYING CARDS



GIVE YOUR SALESMEN
A FRESH APPROACH
WITH PLAYING CARDS

MANUFACTURED
EXCLUSIVELY FOR
ADVERTISERS BY

BROWN & BIGELOW

Remembrance Advertising

SAIN T PAUL, MINNESOTA



Over 50% of all rooms
\$3.50 or less, single;
\$5.00 or less, double

of the Federal Home Loan Bank Board helping to do the educational and promotional work. The plan is now in action in 30 localities and under way in 30 more.

The object of the idea is to get more value in homes costing up to \$7,500 by organizing local building industry groups. It provides for architectural service and supervision, a sound financing plan, the use of good materials, and a certificate of quality. It is based upon private initiative and private capital in each local community. Plans have been prepared by reputable architects and these may be used in original or revised form by any local architect or group of archi-

tects. The architect charges a nominal fee for his service. For example, the agreed-upon minimum fee of a local architect for a \$4,000 house is \$100, for a \$7,500 house, \$200.

A second element, and possibly the key element, in the plan is to persuade a local bank or building loan company to give a larger loan on this type of home at a lower rate and for a longer term than is customary in ordinary building practice. The term sought is 20 years instead of the usual 12 years. Upon completion of a home built under the plan the owner is given a certificate of quality.

There is no subsidy and no govern-

They'll Head the 4-A's



Last week, when members of the American Association of Advertising Agencies got together in New York's Waldorf-Astoria for their 22nd annual meeting, the four men above were elected officers for the coming year. Top left is Allen L. Billingsley (Fuller & Smith & Ross, Cleveland), the new chairman. Top right is Wil-

liam Reydel (Newell-Emmett, New York), vice-president. Lower left Guy C. Smith (Brooke, Smith French, Detroit), secretary. Lower right is E. DeWitt Hill (McCann Erickson, New York), reelected treasurer. President John Beno, who was elected in 1936, has another year to serve.

a nominal example, the cost of a local house is \$100, for possibly the company to persuade a home owner that building practices instead of completion of the owner's no government money in the plan. It is a profitable endeavor to get better values in low-cost houses by getting each locality to set up the mechanism of the plan. On volume business the architect's fees can bring in considerable income, and the quality of the homes is offered as inducement to finance companies to get the concessions suggested. The local building dealer gets more volume and sells better materials.

MARKETING ANGLES

Credit Men and Sales

A STORE'S CREDIT DEPARTMENT, intelligently directed, can be a strong instrument in boosting store sales. So decided the credit management division of the National Retail Dry Goods Association, meeting this week in annual convention in Cleveland. Howard W. Leonard, of Joseph Horne Co., Pittsburgh, told of his company's practice of sending out good will letters to credit customers. Persons going into new positions are congratulated, and when a customer moves to a new locality an offer is made to help him in establishing credit in his new place of residence. The company has found that the practice creates "favorable talk" and even holds long-distance custom.

Colors Change Names

AS THE FOOD AND DRUG Administration goes about the business of certifying color names under the new Food, Drug, and Cosmetic Act, it's playing hob with the trade's old nomenclature. Names such as "Guinea Green B" or "Tetra-chlorofluorescein K" do not appear in the new lists. Instead, a new system is used in which the prefix "FD&C" indicates colors harmless and suitable for use in foods, drugs, and cosmetics; "D&C" indicates colors suitable for drugs and cosmetics, but not foods; and "EXT D&C" indicates colors okay only in externally-applied drugs and cosmetics. Thus, prosaically, that good old color Helindone Pink CN" has become simply D&C Red No. 30."

New Source for Data

STATISTICIANS and market research men did not exactly turn handsprings this week when the Department of Commerce released figures on national income payments by states from 1929 through 1937. Though this is the first time that the department has broken its figures down to indicate regional flow of purchasing power, similar estimates, made by the National Industrial Conference Board, have been available for some time (BW—Feb 1938, p 43). Owing to differences in method, there are minor differences in results. Incidentally, the board is now in the process of revising its figures, and carrying them back to 1919.



Your Money... and Our Time



It takes time to make money. And after the money is made, it takes time to invest it wisely. Even then, investments require constant supervision. That takes time too. ¶ It stands to reason that if a man is trying to do three things at once, all three things are apt to suffer. ¶ For generations, City Bank Farmers Trust Company has devoted its time to taking care of the money that other people make. Many successful men have found it convenient and profitable to save their own time by using ours for this purpose. ¶ The Custodian Management Service of this Company at once places at your disposal its experience, and the personal interest and attention of its officers. They will be glad to explain more fully how this service may be helpful to you.

City Bank Farmers Trust Company

CHARTERED 1822

*Head Office: 22 William Street, New York; Uptown Office: Madison Avenue at 42nd Street; Brooklyn Office: 181 Montague Street
Information may also be obtained through any branch of The National City Bank of New York*



MONEY AND THE MARKETS

FINANCE · SECURITIES · COMMODITIES

Stocks Take the Easy Way

Despite relative freedom from European influences, share prices lose part of their advance from year's lows. Rubber and spot cotton reach high levels.

ALTHOUGH SECURITIES and commodities markets were relatively free from European influences this week, stock prices sagged lower and commodities continued to move sidewise for the most part. Spot cotton and rubber, however, pushed to the best levels for the year and the month.

Wheat continued to be affected by the weather as the crop scare season went into another inning. Prices reacted from the highs of last week as good crop weather set in. But traders knew that any protracted dry spell would send prices jumping up again, and there was scale-down buying. During the past three weeks, turnover in grain futures has tripled and the Commodity Exchange Administration has demanded daily reports henceforth from traders on May positions until the delivery expires.

Farmers Dispose of Cotton

May cotton contracts went off the future boards with a bang on Tuesday, up 22 points from the previous close and within 2 points of the season's high, as shorts rushed to cover at the last mo-

ment. Spot cotton demand continued strong. Trade shortage was alleviated somewhat by farmers who repossessed cotton from the government loan and resold it to the trade (*BW—May 13 '39, p. 54*). Raw silk supplies likewise continued in a tight position, as the Japanese silk worm crop last week was estimated to be 2.1% less than a year ago, and as Japan itself was reported to be consuming much of its product, rather than exporting it to the United States.

Demand for copper tapered off after several weeks of good buying. Domestic stocks in April made the largest monthly increase since last December, lifting world inventory figures to the highest levels since last July. The news that Spain had taken over all copper distribution and production facilities, as well as all stocks, had little immediate market effect.

Although the International Rubber Cartel, meeting in London, raised the export quota for the third quarter of this year to 55% from 50%, and thus added some 20,000 tons to potential supplies, the market advanced, relieved

that the boost wasn't as much as 10%.

Securities markets had little solid news to move on. Stocks went the easy way and lost a good part of the advance from the year's lows. There was little buoyancy on rallies. Steel shares had heavy going in the face of, first, a wave of price cutting on sheets, which seem subject to periodic weakness, and, second, a sharp drop in operations, as reported by the American Iron and Steel Institute. United States Steel common got friendly with its low price of the year.

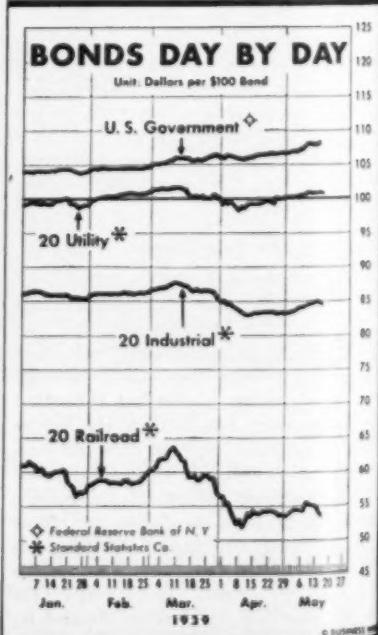
U. S. Governments continued their bull market course, reaching new highs for the second successive week. Other high grade bonds were strong as U. S. Rubber announced a reduction in interest rate on its 4½s to 3½s (page 51). Otherwise trading was listless.

Toward the end of the week, traders kept their eyes on Washington to see (a) what would happen on taxes and (b) whether the monopoly committee in its hearings on savings and investment, would devise any means of stimulating the new capital market.

FINANCIAL ANGLES

Inside Dope

THE NEW SEC proxy statements require directors to state not only stock ownership in the company they're directing but also stock of subsidiary companies. So canny investment analysts are using the proxy statements as a guide to what directors think of subsidiaries. The Standard Oil Co. (New Jersey) statement throws some sidelights on investment pursuits of directors. They own 130,000 shares of Humble Oil with



market value of \$7,300,000, as against 99,000 shares of Standard of Jersey common, with a market value of \$4,550,000. All 10 directors held the parent company stock, ranging from 228 shares for G. H. Smith, president of Imperial Oil of Canada, to more than 40,000 shares for Chairman Walter C. Teagle and more than 48,000 shares for President W. S. Farish. Though only four directors owned Humble stock, holdings were concentrated, Mr. Teagle holding 30,000 shares and Mr. Farish 90,000. Other subsidiary stock interests were: International Petroleum, 43,000 shares (\$1,000,000 market value); Creole Petroleum, 20,000 shares (\$400,000); Interstate Natural Gas, 5,800 shares (\$145,000).

American Prophecy

FOLLOWING THE LEAD of Fenner & Beane (BW—May 6 '39, p. 42), J. S. Bache & Co. headed the New York Stock Exchange's suggestion to advertise wares and services, took full page spreads in metropolitan newspapers this week. It said: "Fortunes have been made and will be made by men of vision who prudently invest in sound American companies." That's the history-repeats theory.

Respectable

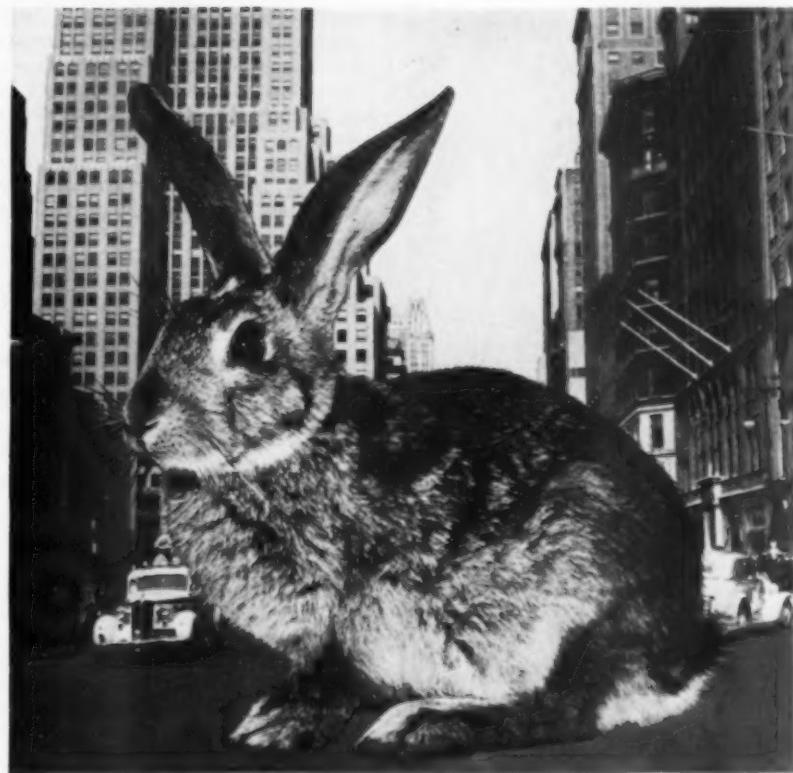
147 YEARS AGO two dozen auctioneers and commission agents turned respectable beneath a buttonwood tree in downtown New York by banding together in a formal organization: the New York Stock Exchange. Last week the exchange (now grown to 1,975 seats at a going price of \$60,000 each) continued its quest for respectability by changing the title of customers' men (and eight other classes of brokerage employees) to "registered representatives."

The Bigger They Come

ACCORDING TO A SURVEY of 243 philanthropic trusts collectively worth more than \$1,200,000,000, the bigger they come, the harder they fall for common stocks. The larger trusts (those worth more than \$5,000,000) put money in preferred and common stocks as well as in bonds and mortgages, while the smaller (less than \$1,000,000) stick mostly to bonds and mortgages alone, seeking safety of principal first and foremost. The biggest trust of all—the Rockefeller Foundation (assets \$184,435,516 at the end of 1937)—had 53% of its money in common stocks, 8% in preferred. Compiled by Raymond Rich Associates and embodied in a book published by them, "American Foundations and Their Fields," the survey continues research previously developed by the Twentieth Century Fund.

Publicity by the Forelock

THE PUBLICITY PURVEYORS are busy on the 65th annual convention of the American Bankers Association which will be held nearly five months hence in Seattle,



Copyright 1939, American Credit Indemnity Co. of N. Y. X18

Rabbits and Business Live Only Six Years

The average life-span of a rabbit is six years.* The average life-span of business is also only six years, a fact verified by a national credit reporting institution, after a special six months' research covering 2,000,000 industrial and commercial enterprises—manufacturing, wholesale, retail, and construction, but not financial, railroads or professional.

Think of the menace to receivables under conditions in which each year 17.6% of all commercial and industrial houses either quit business, sell to successors, or become insolvent, with or without recourse to bankruptcy.

Wise executives anticipate this appallingly high death-rate and its dire credit risks by covering all accounts with

American Credit Insurance

"American Credit" steps in when debtors default through insolvency, reorganize under the Chandler Act, or simply fail to pay for goods shipped, under the terms of the policy. All established claims are promptly paid. Capital is kept turning.

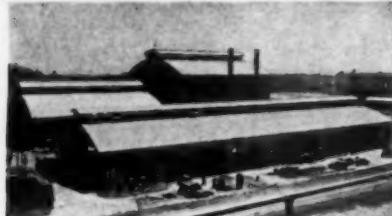
Many of the country's "industrial giants" protect their accounts with American Credit Insurance. So do thousands of smaller Manufacturers and Jobbers in over 150 different lines of business. Investigate Credit Insurance—the most economical method of maintaining an adequate reserve for credit losses.

* "Everyday Problems in Biology" by Pieper, Beauchamp, Frank.

AMERICAN CREDIT INDEMNITY CO.

of New York J. F. McFadden, President
Chamber of Commerce Building St. Louis, Mo.
Offices in all principal cities of United States and Canada

Free To Firms Interested In 30% TO 60% SAVINGS IN BUILDING COSTS



Let Butler's Steel Building Book show you how a building, tailor-made to your exact needs, can still be 30% to 60% lower in first cost, erection cost and maintenance cost than other types of permanent structures. In a score of industries Butler has provided "ideal" buildings—see them go up in days instead of weeks with the labor available.

WRITE TODAY: Your copy of the Butler Steel Building Book will show you how Butler's experience can save time and money when you build, too.



BUTLER
READY-MADE STEEL BUILDINGS

BUTLER MANUFACTURING COMPANY
1250 EASTERN AVE.,
KANSAS CITY, MO.
930 SIXTH AVE. S.E.,
MINNEAPOLIS, MINN.

DROP FORGINGS

Always Stronger—Frequently Cheaper

MODERN DROP FORGINGS—made under Chambersburg Hammers, have all the traditional virtues of the drop forging, and, in addition, because of the accuracy of the Chambersburg hammer, they need no excess metal for extra strength. Therefore, they are lighter



...in weight and require less machining. From an operating standpoint, Chambersburg Hammers use less steam or air, they cost less for maintenance, and they produce more forgings per hour.

Patent Pending
Chambersburg Hammer Co.
Chambersburg, Pa.

CHAMBERSBURG
ENGINEERING CO.
CHAMBERSBURG, PENNA.

Sept. 25-29. This runs contrary to the accepted A.B.A. policy to release—in slowly rising volume—pictures, news items, and feature stories about three months before the meeting. But this year, a local committee decided to put the Seattle convention over big under the slogan "Banking Progress on Parade," and has brooked no delay in sending out information for the press early. Past convention custom has been for A.B.A. national headquarters in New York to take care of national publicity, and local city headquarters local publicity. Lester Gibson, director of the A.B.A. news bureau at headquarters, hopes that wires won't get crossed, that there won't be much duplication.

Pains in the Bond Market

Top-notch borrowers are in demand, but coy. Poorer risks have hard time getting money. Underwriting houses resent insurance company purchases.

GOOD INDICATIONS of what's going on in the bond market are the low yields on high grade issues and the high yields on lesser grades. Triple A's are selling at near-record levels to return 3% or less; but triple B's can be bought to yield better than 5%.

That 2% spread represents the difference between a class A borrower and not such a high class borrower. Top-notch credit risks can get all the money they want, but don't want to borrow; not-such-topnotch risks have a hard time getting money, because the institutional investors—insurance companies, commercial and savings banks, and trustees—are anxious to pick up issues which will not cause worry, which will not be subject to the criticism of examining authorities.

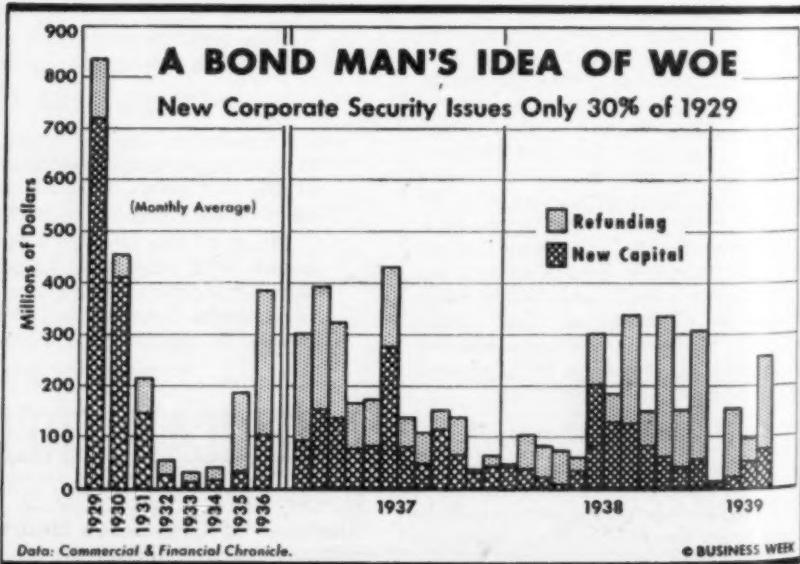
Result is a seller's market for bonds. Money is in supply, but borrowers (bond sellers) are in retirement—except, in the main, for refunding issues. And the trend in new capital flotations—as the chart below shows—is pretty much a graphic picture of a bond man's feelings. Bond houses have staffs and capital, but not much to do with them. And when new

issues do come out, underwriting firms no longer can count on getting the business. A new type of competition—so dramatically highlighted by the Commonwealth Edison \$114,500,000 sale (*BW*—May 13, '39, p. 53)—has sprung up.

Direct Sale and Its Effects

Years back, big bond houses, such as Morgan Stanley (successor to the underwriting division of J. P. Morgan & Co.); Kuhn, Loeb; First Boston Corp.; Harriman, Ripley (formerly Brown, Harriman); Dillon, Read; Smith, Barney (formerly E. B. Smith, C. D. Barney, and members of the old Guaranty Co.), and Halsey, Stuart, counted insurance companies as their best customers when they had bond issues to sell. And insurance companies, as good customers, naturally got choice allotments on new issues. But now the insurance companies have turned around and become purchasers of bond issues in the first instance—thereby doing away with the services and underwriting cuts of the bond houses.

By direct sale of bonds to insurance companies, corporations first avoided the expenses of registration with the Securi-



ties and Exchange Commission, and directors and officers escaped the liability in the event of misstatements. But now, corporations sell bonds directly to insurance companies because it's more convenient. There's less rigmarole and quicker action.

Contrasting Two Ways of Selling

Suppose that a company, like Commonwealth Edison, wants to sell \$114,500,000 in bonds; suppose it goes to a group of insurance companies, as it did. The discussion of bond indentures, terms, and other details goes on for a day or more. Finally, the insurance company (or companies) say: "Okay, we're satisfied. You've sold your bonds. We'll take them up when you can make legal delivery."

Now, suppose the would-be seller goes to an underwriting firm, such as Halsey, Stuart (which contacted the insurance companies in the Commonwealth Edison case), and the following happens. They go over indentures and terms together in the same way. Then the underwriter says: "Fine, we like the set-up. Now, you go ahead, register the bonds, then after the incubation period (20-day registration period), we'll specify a price."

In the first case, the company knows right where it stands after the pow-wows. The bonds are sold at a specific price. In the second case, all that it knows is that the underwriters have agreed on indenture terms, but it doesn't know the most important thing—how much the new financing will cost; indeed, corporation officials cannot know for certain they will be able to raise the money. For the underwriter has made no firm commitment; if war were to break in Europe, and the bond market to go to pot, there'd be no sale.

Provoked to Criticism

Underwriters have been so stirred up by the loss of the Commonwealth Edison business and its implications that they have broken Wall Street's unwritten law and have been outright in their criticism of the price and the terms. Openly, bond house men (though not for quotation, of course), say they would have bought 40-year 3s at 98 or so, and 40-year 3½s at 103, as against the purchase by 15 insurance companies of 3½s at 102.

Actually, however, the company would have had to wait for price details for a month to six weeks to cover (a) the time for drawing up registration papers and (b) the 20-day incubation period. So Commonwealth Edison played it on a bird-in-hand basis.

Underwriters were not alone in their deprecatory attitude. Holders of 78%—about \$90,000,000—of the retired Commonwealth Edison bonds will have to go scurrying about to find replacements. And in the current market, where high-grades are scarce, that's difficult scratching. One Philadelphia savings institu-

tion will have its portfolio stripped down by more than \$2,000,000. Naturally it's not happy.

Nor is the SEC delighted with the turn in events. The 20-day rest period for bonds was to give the commission time to study the terms of new issues; it was not intended as a hindrance to underwriters and an incentive to private placement of securities. But last year private placements amounted to 32% of the \$2,150,000,000 corporate financing, and the curve of private placements is steadily upward.

Bond houses suggest that the Securities Act be amended to require registration of all issues, whether publicly or privately offered. But SEC men hesitate to reopen the law in this session of Congress.

Another proposal has been to redefine "public offering" to include the sale of bonds to insurance companies, inasmuch as the underlying owners of insurance companies are the public—Tom, Dick, and Harry, who own the policies or stocks. Shortening the period of registration also might help.

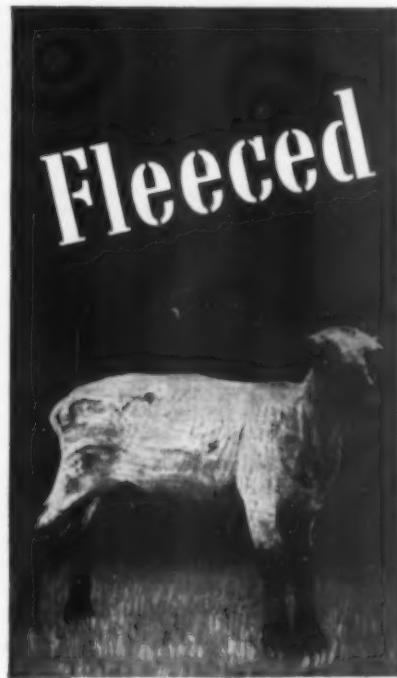
Can Negotiate Interest Cuts

Toward the end of the current Temporary National Economic Committee hearings on what's holding back capital (p. 15), the question also will come up—probably with Harold Stanley, of Morgan Stanley, as the lead-off man for investment bankers. Meanwhile, this week United States Rubber engineered another private placement deal, of a somewhat new variety. Last July it sold \$45,000,000 of 4½s to three insurance companies. Now, it turns around and lowers the coupon rate to 3½, thereby saving \$268,740 a year, without going through the formality of calling the issue. That, perhaps, is an advantage of selling bonds to a few institutional investors. The borrower can negotiate reductions in interest rates.

On the other hand, however, there is a disadvantage. In the event interest rates go up, the company will not be able in most cases to profit in sinking fund operations by buying up the issue at low prices in the open market. Insurance companies—operating on actuarial tables—so much comes in, so much goes out—are notorious holders to maturity.

New Capital Deals Would Help

Bond men, however, could pass off the insurance company competition more lightly if new capital financing would only pick up. For on new capital deals, where greater risks are involved, they figure companies will deal directly with them. But on refunding of refundings, where strictly seasoned issues are being dealt with, insurance companies are perfectly willing to take all the bonds they can get, which leads bond men to say they are perfectly willing to skim the cream off the list.



- There's a world of difference between special inducements and economic advantages—when considering plant relocation or expansion. Offers of free buildings and free moving expenses, for example, can never equal the advantages of economical marketing, and low-cost transportation. At best, the lures of tax exemptions and sweat shop labor are poor substitutes for government cooperation and friendly, intelligent labor. Ask the business man who has learned—or ask the lamb!

Seeking economic advantages—not special inducements, 653 industries have started operations in New Jersey since January 1, for reasons such as these:

Low Cost Distribution—New York and Philadelphia literally at the doorstep . . . a market of 20,000,000 spending 23% of the nation's income within overnight delivery.

Economical Transportation—more miles of railroad track per square mile than any other state . . . 500 miles of deep sea waterways . . . 17,000 miles of improved highways . . . 4 major airlines.

Friendly Government . . . demonstrated by New Jersey's continued policy of close cooperation with industry.

Intelligent Labor...skilled in 170 different industries, their loyalty a matter of record.

Learn more about the state that believes as industry thrives, the state and its people prosper. Write for the "New Industrial Digest of New Jersey." Address: New Jersey Council, Dept. B-10, State House, Trenton, N. J.



NEW JERSEY

A good place to WORK, to Live, and to Play

BUSINESS ABROAD

War Orders Stimulate Business

Germany starts census of unfilled jobs; France checks its gains. Moscow will join the democracies to preserve peace if Chamberlain really means business.

IN THE POLITICAL lull in Europe which every business leader views with misgiving because he is warned on all sides that the dictator countries are preparing another shock for the near future, business is making some headway, though the stock and money markets are not doing very well. France, when it rechecked its record for the last five months, found that business was operating at levels 12% ahead of the beginning of the Reynaud administration of the country's finances. Germany, to meet new conditions, has abandoned a census of the unemployed and started to compile a register of unfilled jobs. British manufacturers do not look on war business as healthy business, but admit that it is keeping their plants busy and helping to slash the number of jobless a little further each month. But the trend toward a regimented war economy, even in France and Britain, with higher taxes and the threat of a conscription of wealth, is like a dark cloud hanging over the investment market.

War buying indirectly thrust the Argentine into the business picture this week when it stirred up a hornet's nest of farm opposition to the purchase of Argentine tinned beef for navy consumption. President Roosevelt reflected popular import sentiment when he declared that the quality of Argentine tinned beef was higher than the United States product. This is not due to the fact that Argentine cattle are superior to the United States variety, but to the fact that the Argentine uses some of its best cuts of beef for canning since there is a surplus in the Argentine market.

Moscow Will Cooperate

MOSCOW (Cable)—Soviet Russia is neither withdrawing into diplomatic isolation nor moving toward an understanding with Germany. Litvinov's departure from the Foreign Office made neither alternative likely. There is no indication that the Soviets are ready to wash their hands of Europe's troubles and to tell the democracies and the Rome-Berlin axis to settle their own differences. Moscow knows that if a major war breaks out, a great power like Soviet Russia couldn't remain neutral for long. Consequently it would be better

off on the side of the democracies—with the United States eventually—which is an unbeatable combination.

To understand Russia it is necessary to understand the Russian's fervent desire for peace. That's why the Kremlin balks at London's stopgap proposal to enlist Soviet cooperation only in relation to guarantees for Poland and Rumania. What about Estonia, Latvia, Lithuania, and other small European states, realists here ask. Leave them outside the corral and what's to prevent the Fascist wolf from making new raids with impunity?

Mathematics for the Axis

It's an echo of the old cry for collective security which Litvinov proclaimed several years ago to a deaf world. But Molotov has put a new face on the old principle, knowing, as War Commissar Voroshilov declared, that aggression today can be halted only by a show of force. Moscow says that the democracies plus the Red Army equals peace if the Fascists haven't forgotten how to count. But if Axis mathematics are faulty, a powerful magnet would be created capable of pulling small countries away from the Axis threat and under the protective wing of the Triple Entente (Britain, France, and the Soviet Union). The resulting combination could effectively drive the hounds of war back into their kennels.

That's the Soviet reasoning. It is now up to Chamberlain to prove he means business by dropping appeasement entirely. Russians still believe that if London diehards are sincerely ready to permit the British lion to lie down with the Russian bear, there's an even chance to halt Fascism without a new holocaust.

Observers here are convinced that Soviet Russia wants peace enough to risk war to get it. She risked a major conflict only last August when the Red Army called Japan's bluff at Changkufeng. If the Axis is likewise bluffing, Moscow thinks it high time to call the bluff and end power politics in Europe.

French Morale High

PARIS (Wireless)—France is working successfully into the war economy which was prescribed by the government in the

series of decree laws issued in April. Morale is high, despite the continuing tensions in Europe.

Business was encouraged this week by the report of the Finance Minister which showed that in the five months that the country's finances have been under his control the franc has become one of the strongest currencies in Europe, the newest defense loan launched this week was oversubscribed in one day, industrial activity has been boosted 12%, and labor has no protest to either the increased working hours or rising taxes. Unemployment is dropping steadily. War orders are becoming the backbone of many industries. This stimulus to industry is spreading to consuming lines which are benefiting from the increase in employment and consequent spending power.

First important sign of confidence in Spain on the part of the financial capitals of Western Europe is the prospect of a loan to General Franco for reconstruction in Spain. The funds would be provided by a syndicate of British, Dutch, Swiss, and French bankers.

Tension Less in Britain

LONDON (Cable)—There is a general lessening of tension here this week over the international situation. It is generally believed that Hitler is unlikely to move toward Danzig until and unless some weakness is revealed in the peace front now being more or less successfully pushed by London.

It is reported that Russia still wants a military alliance with Great Britain and France, but no real news on the outcome of negotiations is expected until next week. Latest reports discount the assumption that Litvinov's resignation was due to a new Soviet isolationism, or indicative of a coming rapprochement between Russia and Germany.

Criticize Horsepower Tax

Opposition to the increased horsepower tax on automobiles is being organized by the Society of Motor Manufacturers and Traders. Its president, W. E. Rootes, claims that it is a direct penalty on large cars, will curtail sales, and automatically jeopardize the ability to meet foreign competition in export markets. He shrewdly points out also that the encouragement which it gives to small car manufacturers will reduce the estimated yield to the national treasury from the fuel tax.

It is understood that the government has received assurances of support from the Lancashire cotton industry for the proposed storage of a limited emergency cotton reserve which will be obtained from America in payment for the Empire tin and rubber involved in the proposed barter deals.

The volume of stock exchange business in London is still small, but the tone is firm. The absence of week-end

incidents is helping price levels in many security groups.

A few unconfirmed reports have appeared in the British press this week mentioning unrest in Austria and in parts of Czechoslovakia over the supply and quality of food. There have even been stories of anti-German demonstrations. But they are not yet taken seriously in England.

King Victor Emmanuel of Italy is reluctant to sign the new formal military alliance with Germany, and the rift between Mussolini and Crown Prince Umberto is widening. It is reported that the Crown Prince may even go to live in Belgium, former home of his wife.

Germany Fears Boom

BERLIN (Cable)—Pending the inevitable crisis, Berlin is closely watching the international chessboard and waiting for its opponents to make their first serious blunder as the occasion for presenting its next claims, but the best opinion here is that no decisive moves are likely before the end of May.

Symbolizing the state of full employment which prevails in Germany industry, the Labor Ministry has decided to

discontinue the publication of unemployment statistics, claiming that the unemployed left in the Reich represent only the perennially unemployable residue. Instead the Ministry announces now the number of unfilled positions which at the end of April amounted to 600,000 although some officials estimate the actual labor shortage at 2,000,000.

The unabated pace of construction and plant expansion is causing apprehensions lest the domestic demand for machinery may adversely affect machinery exports. Regional foreign trade statistics for the first quarter of 1939 show a decline in exports to Brazil and Argentina, but a 60% increase over last year to Southeastern Europe. However, this increase is partly due to inclusion of Sudetenland.

Canadian Rail Plan

Savings from unification of railroads needed to balance big farm expenditures.

OTTAWA (Business Week Bureau)—Unification of Canada's railways became a distinct possibility when Senate Leader

Arthur Meighen revived discussion of the Beatty plan of joint management in the Upper House. Operation of the government-owned Canadian National Railways is costing the public treasury about \$50,000,000 a year, and profits of the privately-owned Canadian Pacific Railroad recently turned downward.

The Beatty plan, advocated by Meighen, envisages coordination of services on the two big systems—which operate parallel lines in many parts of the Dominion. Annual savings are estimated at \$10,000,000 to \$35,000,000. Hope for this plan is that after the next election the three major parties will unite for joint action on the problem. Unification gains emphasis because the high expenditures of \$100,000,000 for agriculture in the current legislative session necessitate savings in other departments.

Western farmers are in revolt against the government's wheat bill setting the guaranteed price at 70¢. Their demand is for 80¢. Conservative suggestion is that the price should be fixed at 87½¢ with the price for domestic milling at \$1.20.

Barter Idea Disturbs Grain Men

Terms of the United States-Canada trade treaty are likely to be an issue in the coming federal election. Prospect of a barter deal between the United States and Great Britain involving 100 million bu. of wheat is alarming western grain interests. The 6¢ a bu. preference on Canadian wheat gave this country a preferred position in the British market. Immediately after the dropping of the preference the United States arranged the sale of 30,000,000 bu. which, the western grain trade insists, would have gone to Canada.

Opinion of Canadian financial interests is divided on the effect of Finance Minister Charles Dunning's mortgage loan bill. Purpose of the measure is to scale down mortgage indebtedness by cancellation of interest arrears of more than two years on old mortgages. The federal government will assume half the loss anticipated by mortgage and loan companies in writing down mortgage debt. Debtors will be put on their feet by an adjustment of mortgage carrying charges to present earning power. Write-downs, on a voluntary basis, may reach \$50,000,000. The measure applies mainly to Western Canada, and will replace provincial debt adjustment legislation.

FOREIGN ANGLES

Japanese Protest a Monopoly

JAPANESE MINING COMPANIES are protesting against the alleged monopoly of the Japan Mining Co. on the copper ore from Lake Granville, Canada. The ore is imported by the Mitsui Bussan Kaisha, the parent concern of the Japan

In Canada's Outlook



Great Britain's King and Queen, the first ruling British sovereigns to visit Canada, hope to tighten British ties there in their current visit. Canada is a strong attraction to British investment as long as the European

situation remains tense. Visitors from British industries benefiting by the Anglo-American trade agreement are supplementing the royal visit in the U. S., exploiting their industries here.



Beech-Nut Selects FRICK Air Conditioning

For its exhibit building at the N. Y. World's Fair—where visitors will enjoy the famous Beech-Nut circus, Beech-Nut coffee, and other attractions in cool comfort. This is one of the four Frick-equipped buildings at the N. Y. World's Fair.

Make your establishment a magnet for the crowds: install Frick Air conditioning. Economical — operating cost for restaurants averages less than one cent per person per meal, while trade is increased up to 300 per cent! Write for catalogs and estimates.



MAKE TRUE COPIES this fast ELECTRIC WAY



HUNTER Electro-Copyist makes neat, accurate copies of anything written, drawn, typed, printed or photographed—in less than 60 seconds! No dark room, no focusing, no skill is necessary. It can't make a mistake. Does away with proof-reading. Anyone can operate it.

There are hundreds of uses for this machine. It will be a help to every department. Copies letters, reports, charts, maps, blue prints, layouts, newspaper clippings, etc. Protects valuable originals against loss. The portable model can be taken to public buildings to copy records. Learn the benefits now of this revolutionary photo-copying machine!

USE THE COUPON BELOW

Hunter Electro-COPYIST

HUNTER ELECTRO-COPYIST, INC.
Syracuse, N. Y.

Check one

Request five-minute demonstration.

Send literature.

Name.....

Street.....

City.....

State.....

Mining Co. Other Japanese copper smelters plead that they require Granville ore for blending purposes as the ore is one of the purest obtainable.

"Ersatz" Hen Fruit

A NEW GERMAN food-substitute is "mlel" meaning "milk-egg." As the name indicates it represents a replacement of eggs by a milk derivative. Mlel is made from skimmed milk and whey and can be used instead of eggs in baking, cooking, whipping. Triumphant chemists claim there is no difference in taste when mlel is used instead of eggs. But some housewives (possibly "non-Aryan") assert that in spite of laboratory efforts, it still has a milky flavor.

Tourist Dollars Decline

BEATING OF EUROPEAN war drums, plus lagging U. S. incomes, cut deeply into American travel last year. The Bureau of Foreign and Domestic Commerce reveals that Americans spent \$130,000,000 for steamer fares and tours in Europe during 1938, a decline of \$30,000,000 from 1937. England's share was the largest, \$35,000,000. Next came Germany with \$25,000,000, then France with \$20,000,000 which was approximately the same as dollar expenditures in Italy.

Cement from Oil Shale

GERMANY'S CHEMISTS are proposing a new use for oil shale. The plan is to construct a plant at Württemberg which will produce oil-shale coke, and to process this material with limestone to make a special cement. It is claimed that such cement possesses unusual qualities of flexibility and impact resistance. Private capital found the Württemberg deposits too poor to fool with. The government doesn't have to bother about profits.

Duce Wants Threshers

THE ANCIENT ROMAN gods of the countryside, accustomed to harvesting methods that have remained unchanged since the days of the Caesars, are in for a rude shock. Il Duce's brusque government has decided that threshing with the hoofs of animals isn't good enough for modern Italy. Hence a decree provides \$2,500,000, from which grants of 25% toward the purchase price for threshing machines will be given farmers of southern Italy, Sicily, and Sardinia and other islands. Machines must be Italian-made. The hope is to add 12,000 threshers, raising the national total to 33,000.

Survey of Soviet Trees

SOVIET RUSSIA plans an airplane survey of her timberlands to be finished in four years. Planes will scout out most valuable forests and those accessible to rivers. Lumberjacks will follow in the trails indicated by air photography. It all portends a special drive for larger exports of lumber from the Soviet's 250,000,000 timbered acres.

Business Week

Advertisers in This Issue

May 20, 1939

A. P. W. PAPER CO., INC.	62
Agency—MCCANN-ERICKSON, INC.	
THE ADDRESSOGRAPH-MULTI-RAPH CORP.	5
Agency—HEINZ-ELLIS-YOUNGGREEN & FINN, INC.	
AMERICAN CREDIT INDEMNITY CO.	42
Agency—CHAPPELLOW ADVERTISING CO.	
AMERICAN TELEPHONE & TELEGRAPH CO.	29
Agency—NEWELL-EMMETT CO., INC.	
THE AMERICAN TOBACCO CO.	4th Cover
Agency—LOED & THOMAS	
BANKERS TRUST CO.	2
Agency—COWAN & DENGLE, INC.	
BROWN & BIGELOW	46
Agency—BRONSON WEBB	
BURROUGHS ADDING MACHINE CO.	19
Agency—CAMPBELL-EWALD CO., INC.	
BUTLER MANUFACTURING CO.	50
Agency—FERRY-HANLY CO., INC.	
CARRIER CORP.	37
Agency—CHAR. DALLAS REACH CO.	
THE CELOTEX CORP.	41
Agency—HAYS MacFARLAND & CO.	
CENTURY ELECTRIC CO.	5
CHAMBERSBURG ENGINEERING CO.	50
Agency—WILLARD G. MYERS	
CITY BANK FARMERS TRUST CO.	47
Agency—N. W. AYER & SON, INC.	
CLARAGE FAN CO.	10
Agency—W. J. WILLIAMS ADVER. AGENCY	
COUNTRY GENTLEMAN	25, 29
Agency—MCCANN-ERICKSON, INC.	
CYCLONE FENCE CO.	31
Agency—BATTEN, BAILEY, DURSTINE & O'BORN, INC.	
DOW CHEMICAL CO.	25
Agency—MACMANS, JOHN & ADAMS, INC.	
EDIPHONE DIVISION OF THOS. A. EDISON, INC.	45
Agency—FEDERAL ADVERTISING AGENCY, INC.	
ELLIOTT ADDRESSING MACHINE CO.	21
Agency—ALBY & RICHARD CO.	
ERIE RAILROAD CO.	8
Agency—THE GRISWOLD-EBELMAN CO.	
FORD MOTOR CO.	1
Agency—N. W. AYER & SON, INC.	
FRICK CO.	51
Agency—WAYNESBORO ADVER. AGENCY	
GENERAL ELECTRIC CO.	12
Agency—J. M. MATHERS, INC.	
GUARDIAN LIFE INSURANCE CO. OF AMERICA	39
Agency—BUCHANAN & CO.	
HOTEL MAYFAIR	66
Agency—GARDNER ADVERTISING CO.	
HOTELS STATLER CO., INC.	38
Agency—FULLER & SMITH & BOSS, INC.	
HUNTER ELECTRO-COPYIST, INC.	54
Agency—BARLOW ADVERTISING AGENCY, INC.	
KEASBEY & MATTISON CO.	6
Agency—GEARKE-MARSTON, INC.	
WALTER KIDDE & CO.	43
Agency—GOTHAM ADVERTISING CO.	
KOPPER CO.	4
Agency—KETCHUM, MACLEOD & GROVE, INC.	
McGRAW-HILL PUBLISHING CO., INC.	35
Agency—LORD & THOMAS	
MOORE PUSH-PIN CO.	42
Agency—CARTER-THOMSON CO., INC.	
NEW DEPARTURE DIVISION	3
Agency—J. M. HICKERSON, INC.	
NEW JERSEY COUNCIL	51
Agency—CHAR. DALLAS REACH CO.	
NEW YORK CENTRAL SYSTEM	55
Agency—LORD & THOMAS	
PRUDENTIAL INSURANCE CO. OF AMERICA	46
Agency—CICIL & PRESBERT, INC.	
REMINGTON-RAND, INC.	3rd Cover
Agency—LEHRAD ADVER. AGENCY	
JOSEPH T. RYERSON & SON, INC.	50
Agency—JAAP-OER CO.	
TINNERMAN STOVE & RANGE CO.	42
Agency—THE CARPENTER'S ADVERTISING CO.	
WARNER & SWASEY CO.	2nd Cover
Agency—THE GRISWOLD-EBELMAN CO.	
WESTERN ELECTRIC CO.	32
Agency—NEWELL-EMMETT CO., INC.	
WHITE CO.	31
Agency—D'ARCY ADVERTISING CO., INC.	
YORK ICE MACHINERY CORP.	31
Agency—J. M. MATHERS, INC.	

THE TRADING POST

New Confidence?

SPEAKING AT A Pacific Coast conference of the National Association of Manufacturers in Los Angeles, C. M. Chester, chairman of General Foods, recently reported on a survey of popular opinion about business and some other matters. One of the questions: "If somebody gave you \$5,000 tomorrow, what would you do with it?" Eight of ten, it appears, said they would invest it in real estate, bank it, buy mortgages or securities.

Despite all the efforts of the reformers, it seems that we still are a nation of stupid reactionaries. For any qualified disciple of the New Economics knows that this is not the right answer. The correct answer, of course, would be: "spend it within 30 days." It's these people who save and invest their money, we are told, that cause all our troubles.

But can there be another and happier explanation? Is it possible that eight out of ten Americans feel so sure the New Economics has about run its course that they are willing to resume investment in the future of their country? If that really is the answer, it may be that you have something there, Mr. Chester.

Opportunities

THE SAME SURVEY reveals how the people size up the money-making opportunities that face the youngsters who will be graduated next month from the schools of high and low degree all over the land.

Some 51% pick a business career as "offering the most money to young men of average talent." Of these, about a fourth specify selling. Some professional calling is the choice of 18%, of whom nearly half specify engineering. Another 12% see the skilled trades as most promising. Government work looks most lucrative to 9%, while 7% think the farmer still has the best chance at the big money. But, with all the ballyhoo about the earnings of the popular darlings, only 1% can see "sports, music and theater" as passports to the green pastures.

Remembering that this question was focused exclusively on money-making, it would be interesting to know how these callings would rate in the popular esteem by some other standard.

In sizing up the opportunities for young men today as compared with 10 or 12 years ago, the survey indicates a bit of pessimism. Some 12% think the chances are about the same, 28% say better and 60% say not so good.

Of these last, nearly two-thirds blame the keener competition for jobs that results from more unemployment and more well-trained eligibles. Of those who see greater opportunities, nearly half are impressed by the many new fields that

are opening up; and more than a fourth credit the "better opportunities for young people today to train themselves." Whatever the facts may be, that's how they look to John Public.

Brave New World

GETTING BACK FOR A MOMENT to the New Economics, Ralph Budd, president of the Burlington, followed one of its formulas to a logical conclusion at the annual meeting of his stockholders. He suggested that the railroads might be given a break, in this hour of their distress, by having the government pay them for not hauling the crops the farmers are paid for not raising.

This principle lends itself to alluring extension. Obviously it would end up in the government paying everyone for producing nothing. That, of course, would be very nice, because it would leave us all more leisure; and leisure is a primary index of the abundant life. The payments would be made with borrowed money, which would increase the national debt; and this, we are told, is the way to increase the national income. Naturally, a higher national income insures a higher standard of living, which is just what we've been after all the time.

Then, by means of social taxation, skillfully contrived by expert welfare workers, we can effect a more equitable distribution of that increased income. Thus we eventually achieve a greater abundance for all by dividing less and less more equitably amongst more and more. The taxes? Oh, yes; since the New Economics would make profits unnecessary, to say the least, we should levy a graduated tax on losses instead; with surtaxes on the heavier losses.

Tax payments, of course, would be made in deficits. These, added to the government's normal deficit, would boost the national debt and thereby swell the national income. It's all quite simple and works out rather well. The remarkable part of the whole business is that for all these years we have gone at the thing the hard way, trying all the time to produce more things, to make a profit above expenses and to keep debts under control. But now we know better.

Culture Gauge

AT LAST REPORT, 107,425 persons had paid 25¢ each to see the Fine Arts Palace on Treasure Island as against a mere 77,193 who took in Sally Rand's D'Nude Ranch at the same price. Which suggests that in the wild and wooly West, culture is triumphant. Now let's see whether Grover Whalen's customers will do as well to vindicate the cultural standards of the effete East. W.T.C.

Your Industrial PROPERTY



MADE SAFE WITH

Stewart IRON and WIRE FENCES

Your property deserves adequate protection. Stewart Non-Climbable Chain Link Wire Fences—the heaviest and strongest manufactured—provide tireless guardians for every foot of your property 24 hours a day. Investigate Stewart constructional advantages and other exclusive features. Catalog on request. Sales and erection service everywhere.

"World's Greatest Fence Builders Since 1886"

THE STEWART IRON WORKS CO., Inc.
THE STEWART BLOCK, CINCINNATI, OHIO

NO EXTRA FARE on the COMMODORE VANDERBILT New York-Chicago

Luxurious, Air-conditioned Pullmans and Lounge Cars. 17 hours of comfort and relaxation.

Daylight Saving Time
Lv. New York . . 4:20 p.m.
Ar. Chicago . . 8:30 a.m.
Lv. Chicago . . 3:05 p.m.
Ar. New York . . 9:05 a.m.

NEW YORK
CENTRAL
SYSTEM

The Water Level Route You can SLEEP

BUSINESS WEEK

The Journal of Business News and Interpretation

May 20, 1939

Time for Tax Revision

THAT THE Temporary National Economic Committee should turn this week to the problem of savings and investment under the fetching subtitle "idle men, idle machines and idle money" at the same time that Congress comes to grips with tax revision is an important coincidence. Indeed, President Roosevelt's "Dear Joe" letter to Sen. O'Mahoney might even suggest that it had been planned that way.

Savings, investments and taxation are pretty much tied up in the same package. President Roosevelt's persistent pushing for the undistributed earnings tax is partial proof of this. Mr. Roosevelt feels that funds pile up in corporations, that these resources lie fallow unless they can be taxed back to work.

A highly respected school of economic thought recognizes the dangers of over-saving. Dr. Alvin H. Hansen, professor of political economy at Harvard, observed before TNEC that savings are good for society if they go into purchase of plant and equipment, but that they may "do great damage if the saver does not so use them and is unable to find a borrower who will purchase plant equipment or other capital goods."

As the action of the bond market indicates (page 50), we now have plenty of savers but a shortage of borrowers. As soon as a new issue is brought out, savers snap it up. Yet, the BUSINESS WEEK Index of Business Activity limps along in the low 90s, unemployment continues large, and the capital goods industries are operating far below capacity. To say that this industrial apathy is due entirely to a misfit tax structure would be to overemphasize a single phase of the nation's economic problem. Still, there is no doubt at all that taxes are playing their part in keeping capital—and consequently men—unemployed.

UNTIL LAST YEAR the federal tax philosophy was very concise and very vigorous: get while the getting's good. Corporations were not permitted to carry over operating deficits (as credits against future profits) from one year to the next. Individual capital losses applied only to gains of a particular year. But the 1938 act was distinctly more friendly to capital. It recognized that expenses of corporations and individuals run on from year to year and that, therefore, some carryover of losses should be permitted.

Nevertheless, the high personal surtaxes, running up to 75%, were retained. And men of large means and incomes persisted in their plaint that such high levies

stack the odds of making a profit against them; that they are better off in tax-exempts. It's an old argument; but age has made it stronger rather than infirm. Feeling as they do, these men of means shrink from risking their capital—and their very inaction tends to validate their argument. The result is that there is no volume market for second-grade bonds; that there are no angels for highly venturesome business risks. Instead "money" sits tight and conserves itself.

THE PRESENT conjuncture in political and economic affairs is particularly opportune for wholesome tax revision. What's left of the undistributed earnings tax is an annoyance, rather than an effective means of forcing corporate earnings into consumption channels. Moreover, as a revenue-producer, the surtax is pretty much a question mark. Yet the argument persists that if Congress drops the tax, it will have to find substitute revenues. As though the present revenue estimates are sufficient to balance the budget! As though there were a legal basis for collecting a specific amount of revenue!

Seemingly, in his pursuit of the undistributed earnings tax principle, the President raises obstacles to a free and open Congressional tax program. Possibly, Mr. Roosevelt wants to keep the corporate surtax as a guard against corporate over-saving; possibly he feels (and perhaps quite shrewdly) that once off the statute books, it won't get back.

But certainly, if the surtax remains on the books, capital is likely to remain timid, as men controlling large resources continue to regard the Administration as unfriendly to investment. Therefore, economic and political expediency seem to counsel dropping the surtax and revising the tax structure. With taxes as they are, we are not likely to break the log-jam of capital. With taxes changed, there's a chance. Will the President take it, or must Congress force it upon him?

Published weekly by McGraw-Hill Publishing Company, Inc., 30 West 42nd St., New York City. Tel. MEdallion 3-0700. Night Tel. MEdallion 3-0733. Price 20¢. Subscription: \$5.00 a year, U. S. A. possessions, and Canada. Other foreign, \$7.50. Cable code Megrashill.

Willard Chevalier
Publisher

Ralph Smith
Editor

Paul Montgomery
Manager

Managing Editor, Louis Engel • Economist, J. A. Livingston • Foreign, John F. Chapman • Finance, Clark R. Pace • Labor and Management, Frank Rising • Marketing, J. F. Huston • Production, W. W. Dodge • News Editor, Edward Hutchings, Jr. • Statistician, R. M. Machid Low, J. A. Gerardi • Chicago, L. W. W. Morrow • Detroit, Athel F. Denham • San Francisco, Cameron Robertson • Washington, McGraw-Hill Bureau; Irvin Foss, Special Correspondent • Business Week Bureaus in Ottawa, London, Paris, Berlin, Moscow, Tokyo, Buenos Aires

A Y
1939

WEE
AG

YEA
AG

en; that
d argu-
n infirm.
nk from
ends to
ere is no
here are
s risks.

conomic
ome tax
ngs tax
means of
annels.
pretty
sts that
stitute
ates are
re were
evenue!
d earn-
es to a
ossibly,
rtax as
ibly he
off the

books,
trolling
stration
nic and
he sur-
xes as
jam of
Vill the
on him?

ne., 330
ight Tel.
U. S. A.
grawhill.

atgomery
Manager

J. Chapman
F. Hussey
M. Machol
Franson
responsible
sensus Amer.

SINES
ICATO